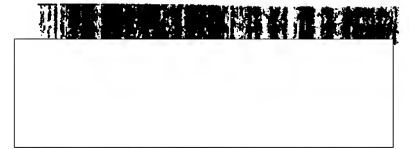


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Analysis of NFAC's Performance On Iran's Domestic Crisis, Mid-1977 – 7 November 1978

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Analysis of NFAC's Performance on Iran's
Domestic Crisis, mid-1977 - 7 November 1978 (U)

John F. Devlin

Robert L. Jervis

15 June 1979

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"It has been explained to me that it would have been impossible for the Mullahs to have obtained this power to lead a large and successful protest movement had it not been for the general discontent which prevails throughout Persia which has led the people to hope that by following their advice some remedy may be found for the grievances from which they undoubtedly suffer. . . . It is evident that a severe blow has been dealt at English influence in Persia." British Ambassador to Iran, 1892. [redacted]

"Either we are doing something wrong, or else [the protesters] are all crazy. But there are so many of them. Can so many all be crazy?" Shah of Iran. (Tehran 4355, 8 May 1978, [redacted])

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Note

The purpose of this report is to address NFAC's performance in treating the Iranian situation from the summer of 1977 to November 1978, when it became clear that the Shah's regime might not survive. We have therefore examined only the information that was available to NFAC at the time and discussed the inferences that were or could have been drawn from it. (We have not analyzed the quality of that information or discussed what might have been done to improve it.) []

We have ended our study in early November because by that time NFAC had concluded that the Shah might fall. Attempts to split the opposition had failed, strikes, especially in the oilfields, were endangering the economy, and major rioting had led to the installation of a military government, a step the Shah had been trying to avoid. Thus on 9 November the CIA appended the following comments to a DIA paper: "CIA considers that the Shah has delayed so long in taking decisive action that he has reduced substantially his earlier good chance of preserving the Pahlavi dynasty with powers like those of the past. We believe that the military government appointed by the Shah on 6 November may succeed in the near term in restoring economic activity and a modicum of public security, but that this will not form the basis for a negotiated settlement of Iran's political crisis." (citation on p. 52.) []

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SUMMARY

1. In the case of Iran there was an obvious intelligence failure in that NFAC did not anticipate the course of events. There was also an intelligence failure in a second sense--bits of information were available during summer 1978 that indicated that the Shah was in serious trouble, but they were not recognized nor were any warnings conveyed. However, it is much harder to tell whether there was an intelligence failure in a third sense of the term--i.e., given the information available, did NFAC ignore or misinterpret events in ways and to an extent that consumers can legitimately expect should not and will not occur? No short answer to this is possible, but much of the discussion below addresses this point. []

2. What went wrong? First of all, the events in Iran were very unusual. Second, in this case, as in most other examples of intelligence failure, the problem lay less in the incorrect interpretation of specific bits of information than in a misleading analysis of the general situation which pre-dated the crisis. Like all pre-existing beliefs, these had to strongly color the perception of events, especially when the information from the field was thin and ambiguous. Most NFAC analysts started with the belief that the Shah and his regime were strong and the opposition weak and divided. Given these conditions, it is not likely that NFAC could have realized the situation was extremely dangerous much before some time in September, and it is not surprising that recognition did not come until early November. Even so, examination of this case reveals serious deficiencies in the system under which analysis is carried out in NFAC. Had better methods of analysis been employed, the chances of discovering inconsistencies between beliefs and certain items of evidence would have been greater, thereby increasing the odds that NFAC would have concluded earlier than November that the Shah was in deep trouble. []

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3. The information that came in from the field was limited by the fact that Iranian domestic politics had had a low priority in the intelligence community for several years. Furthermore, what was needed was not information about views of members of the elite, but the opinion and intensity of feeling among wider segments of society. This was not available. NFAC added to these handicaps by not being in touch with non-governmental experts on Iran, some of whom had views that differed with those dominant in the government and possessed information about the opposition and non-elite segments that NFAC did not have. []

Intelligence Production System

4. Many of the problems in this case can be traced to the way in which NFAC produces intelligence. Finished intelligence generally did a good job of summarizing and synthesizing the field reporting. NFAC used the data that was available, although scattered items of information--some fragmentary and ambiguous--which we can now see were significant were ignored. There is no instance where NFAC overlooked any substantial body of data. On the whole NFAC's political reporting had a more pessimistic tone than that of the Embassy in Tehran. []

5. What was needed in the Iranian situation, however, was sustained and thorough evaluation of the most important questions--e.g., the Shah's ability and willingness to follow a coherent course, the nature and depth of the opposition, and the ability of the opposition groups to work together. Such analysis should have examined alternative interpretations of events and mustered all the evidence that could be found. Instead, the format of NFAC production and the informal norms of the intelligence community led to intelligence that focused on the latest events and reports, that presented one view, and that adduced little evidence. []

6. The problems are greatest with the NID, which concentrates on telling what has happened and only rarely contains analysis or forecasts of political trends and developments. NID items on Iran often drew conclusions,

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but did not explain how the conclusion was reached or what alternatives have been rejected. Almost all articles are short, since no more than two longer and more analytical articles were run in each issue. Most NID items that are more than a few paragraphs long cover several topics. The result is not only that none of the topics receive in-depth treatment, but often that the items lack emphasis. []

7. In addition, because the system requires that political NID items be tied directly to reporting and because items normally must be coordinated with INR/State and DIA, analysis often stops short of stating the full implications of the information presented. For example, several stories in the NID in mid-September 1978 implied that the Shah's efforts to win over the religious moderates would not succeed. This is especially true if one takes all the stories together rather than reading just one of them. But of course they did come to readers one at a time, and the pessimistic inferences had to be drawn from the stories, rather than being presented as the key messages. []

8. This type of intelligence production is necessary for tracking a rapidly changing situation. If the premises on which the discussion is based are correct and remain so throughout the period, this mode of analysis will serve the community and the consumers well. But given how fragile observers' understanding is of most other countries, it is rarely wise to assume that discussing the most recent developments without reflecting on the more basic questions will be sufficient. []

9. It seems to us that there was a failure at management levels to see that proper attention was paid to those topics which bore most directly on whether the Shah would survive. Indeed it is striking that throughout the period no papers were produced which had as their main focus the question of whether the regime could be overthrown. We think it is not only hindsight that leads to the conclusion that as the protests grew, analysts and managers should have sat down and tried to locate the important questions, many of which were not pegged to the

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latest events. In retrospect, it is obvious that it would have been extremely valuable to have had discussions of such topics as: when and whether the Shah would crack down; the conditions under which the opposition would split; the depth of the feelings against the Shah; and the possibilities and dangers of political liberalization.

[]

10. From reading most NFAC documents one cannot tell how the analysts reached their judgments and what evidence they thought was particularly important. At any number of points in the draft NIE and other NFAC products one can find unqualified assertions without supporting evidence presented. Space limitations explain the paucity of evidence in the NID, and reader impatience is an important factor in the minds of those preparing other publications, but the result is unfortunate. Here, as in other areas, we recognize that available resources set limits to what can be done, and that other equities have claims on those resources. But time spent on a systematic exposition of the evidence for and against a particular belief may well be more valuable than an equal amount spent on reporting the latest events.

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11. In addition to producing evidence, or rather as part of the same process of demonstrating why a conclusion is valid, discussions will often be of greatest value when they include explicit consideration of alternative interpretations. Most NFAC analysis on Iran did not do this. At times, it admitted puzzlement. But usually it gave a single quite coherent explanation. What is most important is not that many of those explanations turned out to be incorrect--since the evidence was often skimpy and ambiguous--but that a range of interpretations was not presented. We think this should be done on a regular basis, with evidence presented for and against each of the alternatives.

[]

12. The number of questions on which this can be done and the number of alternatives that could be developed are theoretically limitless, but it is often possible to find a relatively small number of crucial ones, which, if answered differently, would most alter one's understanding of the situation and the predictions one would make. Feedback from policymakers would help in choosing the alternatives to be treated.

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13. The point of this exercise is threefold. First, it would encourage the analysts to be more explicit about their reasoning processes by making them contrast their views with the ones they have rejected. Second, it would lead them to marshal their evidence in a systematic way. Third, the process of working through the alternatives and the evidence should encourage the analysts to think more thoroughly about some of their important beliefs. Some of the problems we located in the dominant interpretations could have been addressed if the analysts had proceeded in the manner we are suggesting. []

14. One obvious difficulty is that seeing things from a different perspective or discussing possibilities that others have not seen or have rejected is not likely to occur unless it is rewarded by the organization. This would involve a recognition that in many cases the effort will not have direct benefits. Usually the dominant view is correct, or at least closer to the truth than many of the alternatives. It is now easy to see that alternatives should have been raised about Iran, but the case must not rest on the claim that the dominant view was wrong, but on the argument that examining several alternatives will lead to better analysis. []

15. The case of Iran reveals a need for analysts to make sharp and explicit predictions. The point of this is not to exaggerate how much we know or to develop a scorecard, but to help the analysts understand the full implications of their beliefs. Explicit predictions would have been especially helpful in the Iranian case because, as we discussed in other sections, much of the discrepant information arrived bit by bit over an extended period of time. Under these conditions it is very easy to fail to notice that sorts of events are occurring which would have been unthinkable a year before. Systematic procedures are needed identifying the gaps that may be developing between the events and the implications of their basic beliefs. []

16. A related problem with the process by which finished intelligence was produced in the case of Iran was that there was little sharp and critical discussion

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among the analysts. NFAC does not have any institutions that provide the functions of both evaluating and stimulating the analysts that are performed in the academic world by peer review. In practice, coordination of finished intelligence rarely leads to discussion of fundamental judgments. Analysts are then not challenged and confronted with conflicting views and counter-arguments as much as they could be. Generalists not directly concerned with a particular issue may be of help in this; they usually find it easier psychologically to take a fresh view. Peer review is certainly no panacea, but it can both help evaluate the quality of work in instances where consumers are not experts and can help the analysts by leading them to see where their arguments might be altered or strengthened. It is hard to do good work in the absence of mechanisms for performing these functions. NFAC has all the requirements for peer review except appreciation of its value. Many analysts and managers appear to consider it threatening rather than helping. []

17. The lack of a "community" of analysts dealing with this problem is noteworthy. The division of NFAC and its predecessor by discipline contributes to the absence of community. So does the tradition in ORPA's predecessor office of analysts working on "their" country, building a psychological fence that others won't cross. In the view of one of us [] probably more important is the absence of an institutional competition and the supportive criticism it can provide. The mechanism that once existed where a current office and an estimative office looked at issues from their different perspectives was not a cure-all, but it did offer on a regular basis opportunity for different approaches to surface. No such opportunity exists, nor did it during the period we are reviewing. []

18. The size of the relevant community was further reduced by the isolation of the ORPA analysts. They had few close contacts with academics or other informed experts outside the government; they had few conversations with people in State or NSC; even during the fall they were not involved in any of the inter-agency meetings that considered the Iranian problem, except for ones involving

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the NIE. (NFAC was represented by the NIO or his deputy.) The problem is not only in the lack of discussions between NFAC analysts and those from other agencies--ORPA and OER analysts rarely had thorough talks about what was happening in Iran. []

19. When the number of NFAC analysts working in an area is small, as it was in Iran, the danger that alternative views will not get raised is especially great, and so it is particularly important that all the resources of the community be employed. This is primarily a matter of informal relations and depends to a large degree upon ad hoc arrangements and the compatibility of the individual personalities.

20. We also think it is important for analysts to have as extensive contacts as possible with outside experts from a variety of fields. Without this the analysts may not come to grips with the range of possible interpretations of events and may even end up presenting facts and interpretations that are far removed from what other knowledgeable observers believe. In our judgment, NFAC should make strenuous efforts to assure that its understanding of various countries; i.e., the crucial background beliefs against which the interpretation of specific events is done, is as deep as possible. As with employing alternative arguments (above), the activity that can build such understanding must be valued and rewarded by NFAC; results will appear in the long-term, not in immediate production. []

21. The estimative mechanism, as it functioned during the period under review, did not much help to compensate for the problems we have located in the process. Drafting of the prospective NIE on Iran did not lead to a fruitful discussion of important issues. By and large, the sections written by the several drafters were stapled together. The ideas of the drafters were not challenged by one another. Judging from the changes in the successive drafts of the abortive NIE, most of the energy of this process went into subtle wording changes that would be apparent only to someone who had seen several versions. []

22. In retrospect, it is apparent that the government would have been better served by a paper that did address the shorter-term questions. To have asked for such a

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paper, however, would have required a recognition that the Shah was in serious trouble, and given the prevailing beliefs, that could not have occurred until the end of August at the very earliest. Indeed, INR called for such a paper on 12 September. But it took a week for NFAC to decide that such a paper should be produced and another 10 days for the State Department to draft it. Apparently influenced by the mid-September lull, the paper concluded that "The Shah no longer appears to be in immediate danger of being overthrown. There is considerable question, however, of his ability to survive in power over the next 18 to 24 months." [] Whether this paper would have served a useful purpose is difficult to determine. In any event, D/NFAC decided not to pursue it but to write a shorter NIE that dealt with both short- and long-term problems. Such a draft was prepared by the NIO's office at the end of October, but by this time it was no longer relevant. []

23. It is obvious that a lot of time and energy was expended in these efforts. We think that managers could have done a better job of focusing NFAC resources on the timely analysis of the most important questions. The analytical deficiencies in NFAC's handling of some of those questions are discussed in the following paragraphs. []

The Analytical Issues

24. Two of the beliefs that underpinned the expectation the regime would survive were that the opposition would split and that the Shah would use force if things became really serious. One problem is that almost no events short of those which actually shook the foundations of the regime could bring these beliefs into question. Just because the opposition was united today did not mean that it would not split tomorrow; the Shah's refusal to use force today did not prove he would refrain from repressing the next demonstration. (Indeed the Shah's refusal to use force reinforced the conclusion that the situation was not that serious.) This meant that unrest could grow quite large without leading analysts to reexamine the basic beliefs which supported their optimism. []

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25. It was generally agreed that "The government [of Iran] has the ability to use as much force as it needs to control violence, and the chances that the recently widespread urban riots will grow out of control is [sic] relatively small." (Draft NIE, 6 September 1978, S/NF) This view was supported by logic and past history. But because it was impervious to a great deal of evidence (i.e., the Shah's previous hesitation to use force did not show that he wouldn't act if the situation deteriorated), NFAC should have made especially strenuous efforts to probe the available evidence and should have alerted consumers to the danger that information that disproved the belief was not likely to come available until the situation became extremely serious. Furthermore, NFAC could have indicated that this problem put an inherent limit in the confidence that should have been placed in this expectation. [REDACTED]

26. There were important signs that the Shah would not crack down--through 1978 he had vacillated; he said his commitment to liberalization precluded extensive repression; and the United States was urging the Shah to maintain this commitment and use as little force as necessary. The events in late September and October finally undermined the belief that the Shah would clamp down. Some people became convinced that the Shah lacked the will. Others came to believe that it was now too late and that even extensive force might not work. [REDACTED]

27. NFAC produced no papers that focused on whether the Shah would crack down. While the Shah's moods were commented on, the possible implications for his deciding to use force were not drawn. [REDACTED]

[REDACTED] We think the primary explanation of these failings was two-fold. First, the incentives to challenge this belief were slight because it was shared by all NFAC analysts, was very plausible, and fitted with the pre-existing view of the Shah. Most observers outside the government also shared this view and even in retrospect it is hard to say why he did not crack down. Second, this belief did not need to figure in the reporting or analysis of most day-to-day events. When the Shah cracked down it would be news;

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until then the possibility still remained open. Only when the unrest grew to enormous proportions did his restraint seem important in explaining what was happening. So the analysts' main task of dealing with the latest events did not make them look more carefully at this crucial belief. []

28. Another belief subject to the same problem as the expectation that the Shah would exercise control if things really got serious was that the opposition would split. Furthermore, this belief did not sit too well with the companion belief that the Shah could clamp down when he needed to. Repression would presumably unite the opposition and the longer the Shah waited for the opposition to split the harder it would be for him to repress because the unrest was growing stronger. []

29. The belief that the opposition would split was widespread throughout the period under consideration. It can be found at all levels of NFAC. While there were many ways in which the opposition might have split, the key issue became the division that the Shah wanted to bring about in the religious leadership and consequently in its following. []

30. We do not think this issue was treated well in the finished intelligence. In the spring it received little attention because the production concentrated on explaining the general causes of the unrest, reporting disturbances as they occurred, and discussing the danger that the Shah might use excessive force in controlling it. After late August with the appointment of a new Prime Minister, one of whose major tasks it was to strike an accommodation with the religious leaders, finished intelligence not only summarized the latest reports but was more pessimistic and accurate than most other reporters. Nevertheless, problems remained. The articles left important parts of their messages implicit. They did not point out that much of their reasoning undercut the common optimistic assessments, conclude that an agreement between the government and the clergy was unlikely, or point out that the Shah might soon face the choice of repression or abdication. This was, perhaps, a matter of style and norms--analysts have been conditioned over the years to keep as close as possible to the facts and reports

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rather than draw out the implications which consumers can do for themselves.

31. Furthermore, NFAC did not clarify the lines of argument, highlight inconsistencies, or pull together the existing evidence (which here, as on so many other points, was not extensive). This was particularly true in respect to the question of whether the moderates could afford to reach an agreement that Khomeini would denounce. Several field reports indicated that they could not. Finished intelligence summarized some of these reports and did not challenge their validity, but neither did it explain how, if they were true, conciliation was possible. It did not take hindsight to see that what was crucial was both the desires and the capacity for independent action of the religious moderates. Neither point was singled out for special attention. No definitive answers were possible, but a more thorough weighing of the evidence and a more penetrating analysis of the problems were. Here as at other points the felt need to report daily events seems to have distracted NFAC from analyzing the fundamental problems.

32. The analysis of the difficulties of staging a "white revolution" was a bit superficial and over-optimistic. Perhaps NFAC was misled by the Shah's many successes--real and apparent--and so lost sight of how hard it is to modernize, liberalize, and yet maintain control. The impact of the huge influx of oil money on Iran was not analyzed well. On this point as on others NFAC's product suffered badly from the separation of economic and political analysis. Little was said about the crucial political impact of rapid economic change--e.g., inflation, deterioration of life in the cities, the growing income gap, the bazaaris' loss of economic power to newer people, or the unemployment produced by the slowdown of the economy after mid-1977.

33. NFAC analysts were alert to the general problems posed by liberalization quite early and they generally did a good job of summarizing the reports from the field, adopting in the process a slightly more pessimistic--and more accurate--view than the Embassy. But intelligence

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production stayed too much on the surface of events and did not come to grips with the basic problem of whether the Shah's dictatorial regime could safely permit a high level of political freedom. In the fall many in NFAC accepted the optimistic report that the combination of martial law and free political debate was directing dissent off the streets and into political channels. This view made some sense, but was not subject to careful scrutiny. The possibilities that liberalization was being taken by Iranians as a sign of the Shah's weakness, that the Shah's commitment to liberalization showed that his pattern in previous years of using force and liberalization undercut rather than reinforced each other were barely mentioned. []

34. Among the factors accounting for the deficiency are inadequate information. Reporting from the field was not particularly good nor was non-governmental reporting. In addition, some of the dilemmas of liberalization were not unique to Iran and could have been illuminated if persons familiar with other countries' attempts to liberalize had been called in, but the use of such generalists has not been customary in NFAC. Finally, there was an operative belief that the limited freedoms the Shah was willing to permit would be acceptable to the opposition because it was reasonable enough to see that the considerable gains would only be endangered by pushing for more. In effect it made eminent sense for a compromise to be struck on the major program of liberalization. []

35. The issue of the nature and strength of the religious opposition itself presents a different sort of problem. Some in NFAC were attuned to the importance of religion in Iranian life. The senior political analyst was especially so. He felt strongly about the deficiencies in information and had consistently called for increased collection on this subject. Lack of information was an important part of the problem. NFAC did not know the extent to which Khomeini had established a network, did not know his power as compared to that of the moderates, and did not even know what he was saying in the recorded messages that were available within the country or how widespread the circulation of those tapes were. []

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36. Nonetheless, there were four aspects of the religious opposition movement that contributed to its appeal and that were not well covered in finished intelligence. First, NFAC saw Khomeini's appeal as almost entirely rooted in his argument that modernization was undermining the hold of Islam on the people. In fact, much of his fire was aimed at the Shah's politico-economic program and the degree to which it aided the rich over the poor. Second, NFAC did not see that nationalism was an important part of Khomeini's appeal and attracted many who disagreed with him on other issues. Many in Iran saw the Shah not only as a tyrant, but as a foreign tyrant. Khomeini stressed this theme. Third, NFAC said little about the "populist" tradition of Shi'ism. Since the Shi'ites do not have an established hierarchy, religious leaders gain their authority by becoming recognized by their followers as men of wisdom and piety. This encourages them to articulate what they think are the desires and grievances of their people and gives them incentives to be on the forefront of popular movements. A fourth factor, the illegitimacy of governments in the eyes of Shi'ites, was explained by finished intelligence but perhaps not given sufficient stress. []

37. NFAC's outlook did not give credence to the links between religious leaders and the grievances of a wide range of the general population. This outlook powerfully influenced the interpretation of incoming information and led the analysts to be insensitive to the possibility that the opposition could unite behind Khomeini. We wish to stress that it could not have been clear at the time that the analysts' position was incorrect. Data was skimpy; several lines of analysis were possible. But we think it is more than hindsight to suggest that an alternative view could have been discussed in the finished intelligence. []

38. In the course of 1978 a number of reports on the Shah's mood as events unfolded in his country were received. In retrospect they assume considerable importance because, when removed from the background noise of other voluminous data, they begin to show a pattern. There are two themes. Over a period of several months persons who saw the Shah found him more often than not behaving differently than usual. Instead of being forcèful

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and authoritarian, he was depressed, dispirited, and uncertain. Second, his efforts to liberalize the political system without surrendering his essential authority sowed confusion in the minds of his supporters who were accustomed to firm direction. His overall behavior led them and many other Iranians to believe that he was losing his grip. []

39. NFAC production, beginning in late August, reflected the reporting on the Shah's mood, which seemed to improve in September and October in the view of the [] Ambassadors who saw him frequently. It did not, however, discuss what his untypical failure to exercise leadership might do to the morale of his supporters (which, we should note, stayed remarkably high until well into the fall) or to the opposition. We are not sure why the issue did not receive more prominence, but the belief that the Shah was strong and able to crack down if he judged it necessary, the format of publications that militated against speculation, and the press of events in the fall are among the likely reasons. []

40. Iran's domestic economic situation received relatively little attention in finished intelligence until mid-1978. It is clear that political protest grew in some part out of societal dislocation caused by a development program, and we think it not unfair to suggest that managers and analysts should have been alert to the interaction between the two. There was no assessment of the political effects of the economic slowdown instituted by the government in mid-1977. We are aware that management now recognizes the absence of political economy as a problem and that solutions to it are being pursued. They are not easy to come by, but in our view the lack of a systematic method of relating politics to economics (both terms used in the broadest sense) contributed to NFAC's failure to assess correctly the course of developments in Iran. []

41. Until the fall of 1978 the direct contacts between members of the opposition and US officials were very few. Thereafter, information improved only slightly. This meant that NFAC did not know about the extent to which the opposition was organized and coordinated and had only limited information on what goals it sought and what appeals it was making. But even more of a handicap

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was the lack of contact with all segments of Iranian society outside of the elite. In this case, those were the important arenas, and we were ignorant of them. In the absence of information analysts were forced to make assumptions about how groups and classes would respond, and these seem to have been largely based on the belief that most people appreciated the benefits of the Shah's modernization program. []

42. We found no evidence that analysts distorted what should be objective judgments to support official policy. Intelligence production generally was consistent with US policy but this does not mean that the latter was influencing the former. If such an influence were present, the analysts were not aware of it. But we cannot completely rule out the possibility that the subtle influence of US policy may have made it a bit harder for the analysts to realize that the Shah's position was becoming precarious. []

43. To conclude, NFAC did not anticipate the course of developments in Iran. The belief that the Shah was in a strong position helped to blind analysts to the implications of discrepant information that came in to NFAC from mid-summer on. The system under which NFAC produces finished intelligence diverted analytical attention to current reporting and away from consideration of the important questions which bore most directly on whether the Shah would survive. []

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INTRODUCTION

1. NFAC failed to anticipate the course of events in Iran from late 1977 to late 1978. It was not alone. It was no further off the mark than its main source of information, the Embassy in Tehran. Indeed few observers expected the protest movement to be able to bring down the Shah. Some academics and journalists thought the Shah was weak, but we have seen no published articles indicating that they expected him to fall by early 1979.* By the end of August 1978 some countries were becoming more pessimistic than NFAC, but the differences were mainly of shading and tone. []

[] The State Department, and particularly the Iranian Country Director, had a more accurate view than did NFAC, but little of his view was passed on to the Agency. (For a further discussion of this point, see pp. 34-35, 68) []

2. There was also an intelligence failure in a second sense--there was evidence available at the time which pointed to the Shah's vulnerability. With hindsight, much of it stands out and is reported below. Because this information was scattered and ambiguous and because there were good reasons to expect the Shah to survive (these are discussed below), it is much harder to say whether there was an intelligence failure in the third sense of the term--i.e., given the information available at the time, was NFAC's judgment unreasonable? Did NFAC ignore or misinterpret events in ways and to an extent that consumers can legitimately expect should not and will not occur? Although we cannot give a short and precise answer to this question, much of the discussion below addresses this point. In addition, we will try to explain why the analysts went wrong, note the ways in which the intelligence production processes inhibit good analysis, and discuss ways in which NFAC might do better in the future. []

**The comparison to academics and journalists is appropriate because in this case, unlike many others, little of the important information was secret and available only to governmental analysts.*

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3. By looking only at a single case, many questions cannot be answered. These deal with how common some of the problems we have detected are and the importance of factors which can only be examined in a comparative context. For example, if one wanted to look with care at the question of the degree to which analysis was hampered by lack of information derived from contacts with opposition forces, one would have to compare the evidence available from Iran (and other cases in which intelligence collection was similarly restricted) with that available in countries which are roughly similar but in which intelligence did have extensive contacts. In the same way, if one wanted to explore the subtle aspects of the question of whether intelligence was influenced by policy one would have to look at the analyses made by people or governments who had different policy preferences or compare NFAC's analysis of Iran with its treatment of unrest in a country that was not supported by the United States. Similarly, one reason for the error in Iran may be that NFAC tends to overestimate the staying power of right-wing regimes. But this question could only be explored by comparing its analyses of these regimes with those it makes of radical ones. To take an issue touched on in the body of this report, if one wanted to explore the problems created by the lack of disagreement among the analysts on Iran, a comparison between this case and one in which there were major disputes within the community would be in order.

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4. Comparisons could also shed light on defects in intelligence if we did post-mortems on successful cases and also examined "false alarms." As it is, the rare post-mortems that are undertaken concern failures to predict untoward events. Useful as they are, these may give a skewed view. By focusing on cases where intelligence failed to detect danger when it was present, they imply that this is the most common and important problem. But it may be that there are lots of errors of the opposite type, cases where NFAC expected a government to fall and it survived, or instances in which it expected another state to take a hostile action and the state refrained from doing so. Intelligence may not systematically err on the side of being too complacent. It would both be useful to know whether or not this is true and to learn what factors are responsible for the false alarms. For

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example, does intelligence systematically underestimate the staying power of certain kinds of regimes? Do the problems in the analysis that we have detected in the Iranian case crop up in the "false alarm" cases or are the difficulties there quite different? []

5. It might also be worthwhile to look at some cases where the Agency was right. The obvious point would be to try to see if there were differences in the information available or the process of analysis employed that distinguish these cases. The most useful finding would be that better intelligence is associated with certain procedures and ways of treating evidence which can be applied to a wide range of cases. But almost anything that was found to discriminate cases in which the Agency did well from those in which it did badly would be useful, even if it only reminded us of the large role played by luck, skill, and the particularities of the individual cases. []

6. In a post-mortem one obviously focuses on what went wrong. This produces an unbalanced account, even if one tries to distinguish between what only could have been clear from hindsight and what people might reasonably have been expected to see given the information available at the time. We wish to at least partially redress that imbalance by noting that several potential problems were correctly downgraded by the analysts. Little attention was paid to the role of the Tudeh Party and although terrorist activities were constantly tracked, this concern did not overshadow the more important one of general political unrest. The analysts easily could have been distracted by these topics, but were not. Furthermore, the analysis of the unity and morale of the armed forces--a particularly important topic--was proven to be essentially correct. The armed forces stayed loyal to the Shah and remained willing to execute his internal security orders until very late in the year; they began to waver and defect only when he appeared to be close to quitting. []

7. The extent to which a retrospective examination distorts the situation is hard to determine. The conditions under which people worked fade and become obscure even in their minds and can never be known by the reviewer. Such a person knows what the outcome of the events is, and he cannot fail to be influenced by that knowledge. Moreover,

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the material that he reads in order to determine what happened, what people knew, and what they wrote about it comes to him in a form much different from the way it comes to the intelligence analyst. The reviewer has the opportunity to read material through in a coherent order. For the analyst working on events as they happened, material or information must be absorbed as it comes in--sometimes in fragments, often not in a timely fashion. The necessity of meeting publication deadlines can and frequently does force the intelligence analyst to commit himself to paper with substantially less than the optimum amount of information. []

8. At many points in this report we will note which analysts were closer to being correct than others. Here we should stress that those who were more accurate in this case are not necessarily better analysts than those who continued to believe that the Shah would survive. One can be right for the wrong reasons and one can carefully examine all the relevant evidence and still reach the wrong conclusion. A further discussion of this point is provided in Annex B. In this case it seems that what distinguishes those analysts in and outside of the government who, as events unfolded, thought that the Shah was in serious trouble from those who thought he would survive were general beliefs about Iran which long predated the recent protests. As a generalization, those who thought the Shah was weak and had not been a good ruler took the unrest very seriously whereas those who believed he was strong and, on balance, had done a great deal to benefit Iran thought he would have little trouble riding out the disturbances. Members of the former group were correct this time, but we suspect that if we looked at their previous predictions we would find a number of occasions in which they incorrectly expected the Shah to fall, or at least to suffer significant diminutions of power. It can be argued that even if these people were wrong on important questions of timing, at least they had a better understanding of the underlying situation than did others. But even this may not be right. The underlying situation may have changed, especially as a result of the oil boom, and so the valid grounds for pessimism may have appeared only more recently than the pessimism. []

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9. If what distinguished "optimists" from "pessimists" was their longstanding views of the regime, would it have been useful for these differences to have been discussed at an early date? Perhaps, but the main "pessimist" in the government was the State Department Country Director for Iran who was not a member of the intelligence community. The other "pessimists" were outside of the government. Even had such discussions taken place, it is far from certain that the participants would have learned a great deal. Judging from the differences of opinion outside the government, it appears that beliefs about the strength of the regime were related to, although not totally determined by, whether the person is liberal or conservative. When disagreements are this deeply-rooted, discussion often proves unenlightening. []

10. In this case, as in most examples of intelligence failure, the problem lay less in the incorrect interpretation of specific bits of information than in a misleading analysis of the general situation which pre-dated the crisis and strongly influenced perceptions of the events. Almost everyone in the government overestimated the stability of the regime. They overestimated the Shah's strength and underestimated the number of groups and individuals who opposed him and the intensity of their feelings. The Weekly Summary of 18 November 1977 [] said, ". . . there is no serious domestic threat or political opposition to the Shah's rule. At 58 he is in good health and protected by an elaborate security apparatus; he would seem to have an excellent chance to rule into the next decade." Similar judgments were expressed in the NID of 14 November 1977 [] and in a memorandum of 12 October 1977, "The Political Situation in Iran" [] The Embassy in Tehran, which held a similar judgment, listed "several verities," two of which were that "the Shah is widely recognized as probably the only viable governor of Iran today even by many of his opponents" and that "he is firmly in control." (Tehran 11408, 27 December 1977, []) As the draft NIE put it: "Because the Shah still holds the reins of power, most of what Iran does, how it feels, reacts, or goes, is how the Shah wants it." []

11. At bottom most observers, official and unofficial, found it hard to imagine that the Shah would fall. Although there were many specific reasons for this belief--and they are analyzed below--it is hard to escape the feeling that if

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those reasons had not influenced beliefs, others that supported the same conclusion would have. The idea that one of the world's most powerful monarchs could be overthrown by an unarmed mob of religiously-inspired fanatics was simply incredible. Furthermore, it probably would have been incredible even had observers grasped the depth of popular discontent in Iran. []

12. Other general beliefs, some of them probably held more implicitly and explicitly, may have also been operating--e.g., that serious menaces to American-supported regimes always come from the left and that religion is not an important motivating factor. Some more specific biases or predisposition are discussed in the chapters that deal with the events in Iran and how they were perceived.* []

13. Anyone holding these preexisting beliefs would inevitably miss or misinterpret many events that we now see as evidence that the Shah was in serious trouble and that were so interpreted by those contemporary observers who started with different mind-set. In this study we cannot analyze how and why this belief formed, but it seems sufficient to note that it was almost universal within the government and widespread outside it and that, even in retrospect, it was far from unreasonable. But given this belief, it was inevitable that observers would be slow to grasp the situation. The specific problems discussed below delayed recognition even further, but only those who were convinced from the start that the Shah's position was weak could have concluded before late August that the Shah might not survive. []

14. Lack of time and of expertise prevent us from providing a full evaluation of the validity of the general beliefs about Iran held by the analysts at the start of the crisis. We think that their beliefs fall within the

**Another belief explains what to some observers might seem like an odd distribution of NFAC's attention. Most people thought the main problem would come in the mid-1980s when oil production started to drop, difficulties caused by industrialization accumulated, social divisions sharpened, and the Shah began implementing a transition for his son. Thus several long NFAC papers laid the ground work for analyzing the expected trials of the regime in this period. []*

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broad parameters of belief held by non-governmental students of Iranian affairs, but we want to note that as non-experts we have to take a number of important points at face value. This influences to a degree what we can say here. []

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INHERENT PROBLEMS

1. A number of common explanations for intelligence failures do not apply in this case. Indeed, there were many factors here which militated in favor of an understanding of the situation. []

2. First, intelligence was dealing with a country with which the United States had had prolonged and close contact. Although Iran's importance to the United States has increased since the rise of oil prices, the US interest dates back to World War II. []

[] -and many Iranian officials travel this country, giving further opportunities for gleaning an understanding of the situation. Business contacts were also extensive. []

3. Second, most of the NFAC analysts had been working on Iran for a few years. The senior political analyst, [] knew the language and culture of the country extremely well, []

4. Third, and linked to the previous point, although ethnocentrism is always a danger, the analysts' experience reduced this problem. The leading political analyst was steeped in the culture of the area and, without becoming "captured" by it, seems to have had as good a general feel for the country as can possibly be expected. []

5. Fourth, prior to the late summer of 1978, the pressure for current intelligence was not so great as to squeeze out time for broader and longer-run considerations. Indeed NFAC produced several long papers on such topics of general importance as Elites and the Distribution of Power in Iran and Iran in the 1980s. Although we have not made a thorough canvass, our impression is that on few other countries of comparable importance was there as much of this kind of in-depth analysis. []

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6. Fifth, the developments NFAC was trying to anticipate were not sudden ones which adversaries were trying to hide from us. A number of the problems that come up in trying to foresee coups or surprise attacks did not arise here. There was time in which to assess developments and to re-evaluate assumptions--indeed an NIE was in process during many of the months in which the crucial events were unfolding. Although the way in which NIEs are written may not provide the best possible forum for addressing important questions, it still gave NFAC an opportunity often absent in cases of intelligence failures. Furthermore, analysis did not have to contend with possible concealment and deception. []

7. On the other hand, the nature of the case presented some special problems. First, and most important, the Iranian revolution was a major discontinuity. Indeed, we believe that it was unprecedented. And no one does a good job of understanding and predicting unprecedented events. We can think of no other case in recent times in which a mass uprising overthrew an entrenched regime that had the support of large, functioning, and united security forces. Similarly, we cannot think of a single other case in which very large numbers of unarmed men and women were willing to repeatedly stage mass demonstrations with the knowledge that many of them might be killed. The common pattern of unrest is that once one or two mass rallies have been broken up by gunfire, people refuse to continue this kind of protest and large unarmed demonstrations cease. The other side of this coin was also unusual if not unprecedented--the Shah did not use all the force at his disposal to quell the unrest (for a further discussion of this point, see below, Force Section). Most dictators would have done so; the Shah himself did in 1963. []

8. A second problem was that of correctly estimating the intensity of the opposition to the Shah. In retrospect, it seems clear that millions of Iranians hated the Shah, yet the word "hate" never appears in official documents--except for the report that Ayatollah Shariat-Madari hated Khomeini. (Tehran Airgram A-105, 1 August 1978, []) Intensity of feeling, however, is difficult to determine

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(leaving aside the point that no concerted efforts were made to assess it). What NFAC needed to know was the lengths people would go to overthrow the regime; what costs they would bear. It is very hard to estimate this short of the actual test. Indeed the individuals themselves often do not know how far they are willing to go. On pages 115-119 below we will discuss the evidence that was available on this subject and the inferences that were drawn. []

9. A third problem is linked to the second. Much of the opposition was based on religion and it is difficult for most people living in a secular culture to empathize with and fully understand religious beliefs--especially when the religion is foreign to them. Most modern analysts tend to downplay the importance of religion and to give credence to other explanations for behavior. Moreover, Shi'ism is an unusual religion, being a variant of Islam and therefore presenting a double challenge to understanding. We cannot generalize about how people in NFAC concerned with Iran--managers and analysts--viewed the role of religion in this situation. NFAC's senior Iranian analyst was sensitive to the importance of religion as a political factor. But we suspect that many others were not so sensitized and that, had the opposition been purely secular, observers would have been quicker to detect its depth and breadth. []

10. Fourth, and related to the previous problems, an understanding of this case called for the sort of political and even sociological analysis that NFAC does not usually do. NFAC had to gauge many segments of society, not just a few familiar individuals and institutions. []

11. A fifth inherent difficulty was that the opposition developed gradually from the fall of 1977 on. Studies from psychology and examinations of previous cases have shown that people are almost always too slow to take account of the new information under these circumstances. Sudden and dramatic events have more impact on peoples' beliefs than do those that unfold more slowly. In the latter case, people can assimilate each small bit of information to their beliefs without being forced to reconsider

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the validity of their basic premises. They become accustomed to a certain amount of information which conflicts with their beliefs without appreciating the degree to which it really clashes with what they think. If an analyst had gone into a coma in the fall of 1977 and awakened the next summer, he would have been amazed by the success of the opposition and the inability of the Shah to maintain order. The discrepancy between his earlier belief in the stability of the Shah's rule and the evidence of strong and sustained opposition probably would have been enough to make him question his basic assumptions. []

[] But the exposure to a steady stream of events, few terribly startling when taken one at a time, had much less impact. If the analysts had been able to step back and re-read the information that had come in over the previous six months, the cumulative impact of the discrepant information might have been greater. But the pressure to keep up with the latest events militated against this. Furthermore, the growth of the opposition was not entirely steady. Lulls were common. And many expected (and perhaps planned) demonstrations failed to occur. As a result, analysts could always believe that a current peak of opposition would subside, as earlier ones had. []

12. A sixth obstacle to understanding was the history of 15 years of unbroken royal success. As ORPA's senior political analyst pointed out in early 1976, "The Shah of Iran has been on his throne 34 years, far longer than any other leader in the Middle East. He has not only outlived most of these rulers, but has outlasted the many official and unofficial observers who, two decades ago, were confidently predicting his imminent downfall." (Elites and the Distribution of Power in Iran, [] February 1976, [] page 14). We think it likely that the knowledge that the Shah had succeeded in the past against all odds and contrary to most analyses made observers especially hesitant to believe that he would fall this time. The past challenges seemed greater; the Shah had seemed weaker. Indeed the NIEs of the late 1950s and early 1960s had said that the Shah probably could not survive. Intelligence underestimated the Shah many times before; it was not likely to do so again. []

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13. A seventh factor that inhibited an appreciation of the danger to the regime was that riots were not uncommon in Iran. Student demonstrations were frequent, and so no cause for alarm. Demonstrations by other segments of the population and linked to religion were less common, but still not unprecedented. The important opposition of this kind occurred in 1963 and forced the Shah to resort to brutal, but short and effective, repression. [REDACTED]

Information Available

14. The information that came into NFAC was not all that could have been available on Iran, but it was what the analysts had to work with. The subject of collection is beyond the scope of our investigation but an understanding of the problems facing the analysts requires at least a brief mention of several deficiencies in the information available. First, partly because of decisions made in the 1970s, NFAC received little information about the opposition or indeed about anyone outside the elite. Further discussion of this point can be found on pp. 127-129 below. This meant that NFAC not only lacked current information during the crisis, but also had not had important background information on the earlier trends in popular attitudes that set the stage for the revolution. Second, domestic politics were deliberately given a low priority [REDACTED]

[REDACTED] [REDACTED] [REDACTED]
[REDACTED] Contacts with opposition elements by official Americans were limited; in view of other important US interests in Iran, such contacts were considered to be not worth risking the Shah's ire if exposed. [REDACTED]
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There was an obvious circularity here. As long as domestic politics were believed to be stable, they would be given a low priority. And as long as NFAC knew little about what anyone outside of governmental and elite circles was saying and doing, there would be little reason to question the prevailing faith in the stability of the regime. []

15. On Iran, as in most countries, the Embassy provided the bulk of the political reporting. The FOCUS Iran memorandum of 4 November 1976 said that "Generally speaking, reporting from the Mission on most topics is very satisfactory." (page 2, S) An update of 10 August 1978 stated that "Reporting on domestic political concerns has been 'first rate,' []

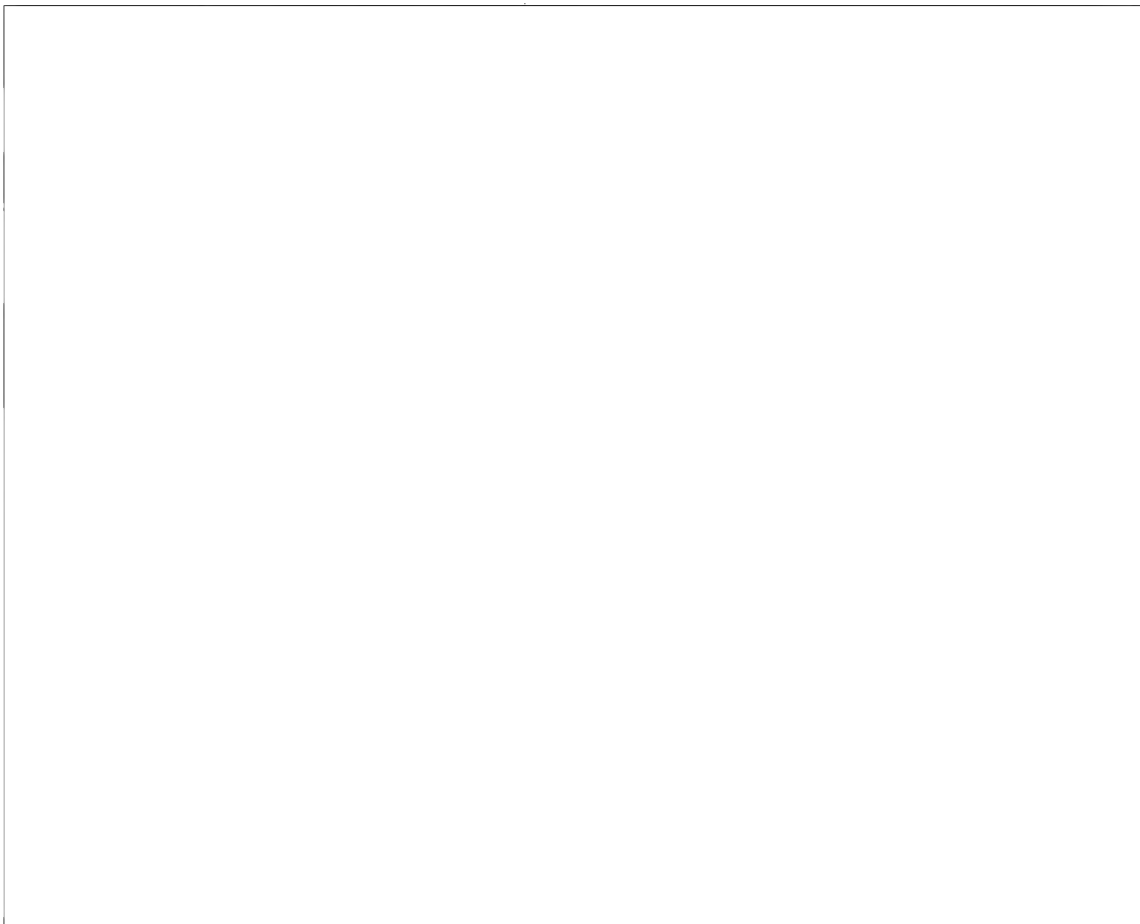
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[] This subject is beyond our concerns here, but we should note that the Embassy had contacts only with a narrow segment of society. Furthermore, if there were biases or inadequacies in Embassy accounts of what was happening, they would greatly hamper the analysts' job.

[]



19. Fifth, the analysts only had limited opportunity to debrief Embassy and station personnel who returned from the field. For example, they did not see the Ambassador when he was in the US in the summer of 1978. They had more contact with lower-level officials, but even this was

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chancy. It depended on the analysts hearing of returning travellers through the grapevine. The economic analysts seem to have done somewhat better than their political counterparts in talking to returnees. [redacted]

20. Sixth, only limited information was available from other countries' Embassies [redacted]

[redacted] If the Embassy exchanged views with others on the scene, the analysts were not told what was learned. [redacted]

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23. Finally, the sources of material on Iran in 1977 and 1978 show considerable bias. Public material to a very large degree tended to be polemical--either strongly against the Shah or putting the best face possible on the government of Iran's activities. This is of course a normal problem of evidence in analytical writing, but it is worth mentioning because some of those in the government structure who read raw intelligence are not knowledgeable enough to assess the validity of the evidence and may at some point in the process have had an effect on what appears in the formal printed record. The Government of Iran itself put out highly inaccurate reports of its policies and events; so did various opposition spokesmen. []

24. Four general observations about the information available to NFAC are in order. First, the analysts feel they have little influence over the information they receive. Although they participated in the FOCUS review and have some input into the determination of collection priorities, this does not have great impact on the depth or breadth of reporting that results. Of course the decisions on what information to collect must involve many factors, but it seems to us that the analysts should have a stronger voice. []

25. Second, the availability of some information from other agencies is strongly influenced by informal arrangements. Information obtained or perceptions formed by persons in agencies outside the intelligence community may not reach NFAC analysts. (For further discussion, see pp. 34-35.) []

26. Third, with the exception of a few reports from the consulates (which were in touch in their districts with a broader slice of Iranian society), official sources yielded no information about non-elite segments of the population. [] []

[] An occasional newspaper report provided a scrap of information, but by and large the analysts could only rely on their

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a priori assumptions of how various kinds of people would react to the situation. This meant, for example, that there was no information about the organization and make-up of the protest demonstrations. No one talked to a single rank-and-file dissident to try to find out what his grievances were, what leaders he respected, and what his hopes were. Of course given the Shah's sensitivities and beliefs about American instigation of the opposition, gathering such might have been prohibitively risky. But without it the analysts were at a major disadvantage. Even when Embassy and Agency personnel met opponents of the Shah, these people almost always were members of the Westernized elite. Many of them shared the Western views about the role of religion in society. They did not share, and could not convey the feelings of those who went into the streets to bring down the regime. (The general topic of information derived from contacts with the opposition is discussed below.) []

27. Fourth, there were some untapped sources that could have led to a better understanding of the opposition. One was the opposition press, published in this country and France. Of course this would have been mining low-grade ore. Before the summer of 1978 it might have seemed not worth the effort because the opposition was unimportant; after then the analysts had no extra time. It might have been more efficient to have been in contact with those Americans who had good relations with the opposition. Of course only that information which the opposition wanted the US Government to know would have been available through these channels. There were a number of Americans, often academics, who had good relations with the opposition.

[]

28. Fifth, although it would have been difficult, the analysts might have tried to probe the differences in views on the domestic situation they knew to exist among members of the US Mission in Iran. []

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29. A related question is the level of attention paid to domestic Iranian politics as opposed to the other areas of concern and whether this balance should have been altered. The treatment of Iran's domestic politics in finished intelligence reflected the priority it had in [] [] [] []

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In retrospect, more resources should have been devoted to domestic politics, but given all the other US interests in Iran it is not easy to say when the balance should have shifted or what should have received less attention. We do think, however, that the question of priorities for both collection and analysis should receive more explicit attention. The domestic stability of a country of great importance to the United States should, it would seem, merit a high priority. []

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But two points can be made. First, the allocation of resources seems to have evolved rather than being the product of reasoning. Second, when the number of analysts in any area is very low, the quality of analysis is likely to be suboptimal because of the lack of presentation of alternative perspectives and opportunities for analysts to share their ideas with critical and informed colleagues. [] [] []

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PROCESS

Introduction

1. Many of the problems in this case can be traced to the ways in which finished intelligence is produced. NFAC tracked specific events and the flow of field reports quite well. Given the preexisting beliefs about Iran, the Shah, and the opposition; given the paucity and ambiguity of the information from the field; given the normal NFAC procedure; and given the inherent difficulty of predicting a very unusual series of events, it is not surprising that the full dimensions of the problem were not recognized until early November. []

2. In the case of Iran, the system produced a steady stream of summaries of recent events with a minimal degree of commentary, analysis, and prediction. This mode of analysis may work adequately in ordinary situations; it cannot cope with the unusual. It seems to work when the information from the field is good. It cannot do as well when much of the information is in unofficial channels (i.e. through nongovernment experts) and, more importantly, when what is needed is a real reworking of the information, a stepping back from the flow of day-to-day events, an in-depth analysis of selected, important questions, a presentation of alternative interpretations, and an attempt to go beyond the specific information that is coming in. This is not what the system appears to have been designed to do and if it is to be done, the working level analysts cannot be expected to take the initiative in shifting from the normal mode of analysis to one that is more appropriate to the situation. Indeed when events come most rapidly the greatest pressures are for short reports--i.e. NID items. If more than reporting and superficial analysis is to be done, NFAC management must take the burden of reordering the priorities and ordering that selected in-depth studies be undertaken. Of course this is a gamble, since it is difficult to determine at a given time which questions are most important and what alternatives need to be examined. Furthermore, there will have to be a cost in terms of NFAC's ability to follow in detail more recent events. These problems and costs need more careful examination than we can give them here. But it is our impression that at least in this case no one would have greatly suffered if fewer NID items had been produced. []

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Nature of the Production System

3. What was needed was sustained and thorough evaluation of the most important questions--e.g. the Shah's ability and willingness to follow a coherent course, the nature and depth of the opposition, the ability of the opposition groups to work together. Such analysis should have examined alternative interpretations of events and mustered all the evidence that could be found. Instead, the format of NFAC production and the informal norms of the intelligence community led to intelligence that focused on the latest events and reports, that presented one view, and that adduced little evidence. []

4. The NFAC product can rarely be faulted for failure to convey the information in the latest field reports. But there was much less discussion of the forces that were affecting events and that would influence whether the latest lull was merely a temporary respite or something more lasting; whether the latest cable saying that the moderates were afraid that the protests were getting out of control indicated that an agreement with the government was likely. The analysts' pre-existing belief that the regime was very strong and that the opposition was weak and divided did not prevent them from seeing and passing on the disturbing reports from the Embassy and the station. But the belief may have been reinforced by the requirements of current intelligence and made it more difficult for them to get beyond the specific events and see what patterns were emerging. []

5. The Daily Publication. The problems are greatest with the NID, which concentrates on telling what has happened and only rarely contains analysis or forecasts of political trends and developments. This publication absorbs a great deal of the analysts' time, accounts for a high proportion of the intelligence that NFAC produces, and is considered by most ORPA analysts to be the most important NFAC publication after the PDB. (OER analysts are rewarded not so much for NID items as for publishing in the EIWR.) Even on days when NID items are not being prepared, analysts must take quite a bit of time to be ready to write for it in case they are asked to do so. Almost all articles are short, since no more than two longer and more analytical articles are run in each issue (e.g. the two-part feature carried on 12 and 14 November 1977 on the occasion of the Shah's visit to

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Washington.) Most NID items that are more than a couple of paragraphs long cover several topics. The result is not only that none of the topics can receive in-depth treatment, but often that the items lack emphasis. For example, a long NID article on 14 September 1978, "Iran: Prospects for the Shah," [] covered the following subjects: one summary paragraph, two general introductory paragraphs, three paragraphs on the Shah's mood, four paragraphs on the loyalty and morale of the armed forces, and five paragraphs on the opposition. Each paragraph is about two or three sentences long. This format is not compatible with any but the most superficial analysis. Furthermore, stories in the NID, like those in the newspapers which the NID so strongly resembles, generally do not assume that the reader has been closely following events. They therefore do not build on what the analysts have said before, steadily producing a better understanding of the underlying forces or the dynamics that are believed to be at work. Thus none of the subjects that are touched on in successive NID items are ever examined in much detail. []

6. This type of intelligence production is necessary for tracking a rapidly changing situation. If the premises on which the discussion is based are correct and remain so throughout the period, this mode of analysis will serve the community and the consumers well. But given the fragility of observers' understanding of most other countries, it is rarely wise to assume that discussing the most recent developments without reflecting on the more basic questions will be sufficient; questions that do not lend themselves to treatment in terms of the latest demonstration, the latest lull, or the most recent event []

7. NID items often draw conclusions, but do not explain how the conclusion was reached or what alternatives have been rejected. In addition, because the system requires that political NID items be tied directly to reporting, analysis often stops short of stating the full implications of the information presented. For example several stories in the NID in mid-September 1978 implied that the Shah's efforts to win over the moderates would not succeed. This is especially true if one takes all the stories together rather than reading just one of them.

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But of course they did come to readers one at a time and the pessimistic inferences had to be drawn from the stories rather than being presented bluntly. Similarly, in late September and October there were frequent articles about the strikes and continuing unrest. But each event was treated in relative isolation and explicit judgments about whether the regime could survive these strains were eschewed.* []

8. Other Vehicles for Intelligence Production. The incentives for analysts to write for the NID are stronger than for producing articles for the Middle East and South Asia Review, a weekly ORPA publication, although the format of the latter is better suited to good analysis. This publication includes pieces that can be longer and less tied to the latest cables, thus permitting the treatment of important topics and questions, with a good deal of evidence and alternative interpretations. But this was not done in the case of Iran. Part of the reason may be the desire to keep the treatment as short as possible and part may be a belief that this publication does not have much impact. []

9. From September 1977 through October 1978, 23 articles dealing with domestic politics in Iran appeared in the Middle East South Asia Review or other periodicals. In addition, eight memos were issued. In length these were much like those in the Review. They were a mix of office-initiated items and responses to specific requests, the memo format being used when timely publication is required. Of the reviews and memos written in 1978, five were like NID items in that they reported recent events and had only the briefest analysis (issued on 7 April, 14 April, 2 June, 9 August, 20 September). Three others were interesting, but dealt with subjects that were not relevant to the political unrest. (3 March, 7 April, 9 May) Only four of the Review and memorandum group were of a type, in terms of subject examined and depth of analysis, that could have probed the subject in any depth.

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One of these treated the religious bases of opposition, and we have discussed it at several places in this report. The others were "The Situation in Iran" (an evaluation of the first ten days of Sharif-Emami's government (7 September 1978, [] "Iran: The Prospects of Responsible Government" (the outlook in late October (20 October 1978, S)); and "Iran: Roots of Discontent," (the underlying causes, particularly rapid modernization (20 October 1978, []). "The Situation in Iran" and "Iran: The Prospects of Responsible Government," were like NID stories in their approach of summarizing recent events and looking into the immediate future. They were valuable in telling their readers what was happening, but did little to develop evidence and arguments about the central issues. Only two articles fit this description: "Iran: Some Observations on the Bases of Religious Opposition (10 February 1978, [] and "Iran: Roots of Discontent." The former was an excellent start, but was not followed up, and the latter would have been more useful had it appeared earlier and been more thorough. []

10. NFAC produces some longer analytical papers. Two on Iran appeared during the period under review. One, Iran in the 1980s (August 1977, [] --and its executive summary (October 1977)--are discussed at several places in this report. The other, Iran After the Shah (August 1978, [] was an assessment of the prospects for an orderly succession to the Shah under certain specified assumptions. Completed in early summer, it was not designed to deal with the developments of 1978. Three sentences in its preface said: "Iran is not in a revolutionary or even a 'prerevolutionary' situation. There are substantial problems in all phases of Iranian life, but the economy is not stagnant and social mobility is a fact of life. There is dissatisfaction with the Shah's tight control of the political process, but this does not at present threaten the government." (These were widely quoted in the press and attributed to the prospective NIE.) Apparently there was no questioning at any level as to whether it was appropriate as of late August to issue this paper. []

11. These papers, and an earlier one on Elites and the Distribution of Power in Iran (February 1976, [] are more descriptive than analytical. They pulled together

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a large amount of data that was not known to most readers. Elites was particularly successful in this regard. They may have served their purposes but they did not train either analysts or consumers to think carefully about the sorts of issues that arose in 1978. []

12. Selection of Issues to be Treated. It seems to us that there was a failure at management levels to see that proper attention was paid to those topics which bore most directly on whether the Shah would survive. Indeed it is striking that throughout the period no papers were produced which had as their main focus the question of whether the regime could be overthrown. Part of the explanation may be that opinions shifted fairly suddenly--until mid-October almost everyone thought the Shah would survive and by early November almost everyone thought he was in very serious trouble--and part may be the lack of a suitable procedure and format. But whatever the cause, we think it is not only hindsight that leads to the conclusion that as the protests grew, the analysts and managers should have sat down and tried to locate and analyze the important questions, many of which were not pegged to the latest events. In retrospect, it is obvious that it would have been extremely valuable to have had discussions of such topics as: when and whether the Shah would crack down; the conditions under which the opposition would split; the depth of the feelings against the Shah; and the possibilities and dangers of liberalization. []

13. Such questions deserved special attention because the answers to them were closely linked to predictions about the future of the regime. As it was, these topics were mentioned in passing, but never were examined in depth. Presumably, this could not have been done without either adding analysts or diverting some of their efforts away from the current reporting. The obvious question is whether it is so important for NFAC to provide as much coverage of the latest events, and this subject is beyond the scope of this report. In the absence of such an increase or diversion of resources, however, most finished intelligence on Iran was strongly driven by the latest events. []

14. As NFAC operated in this case, we wonder if papers like these would have been produced even had the analysts had more time. First, they would have required someone to determine what subjects needed close examination.

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The analysts of course can and should have a hand in this, but they are likely to be too close to the daily events to do this on their own. Furthermore, the selection of topics must be guided in part by the problems that are of concern to decisionmakers and the chains of reasoning that decisionmakers are employing. People who are aware of what these people are thinking must be involved in the process. Second, the analysts may lack the training and experience in this kind of work, because most of what they are called on to do in the normal course of events is largely description and summarization. When people are not used to writing analytical papers one cannot expect them to be able to do so when the need arises. Frequent experience is necessary to develop the needed skills. Third, such papers would probably not have been as good as they could have unless there was a community of analysts--both Iranian experts and good political generalists--to provide suggestions and criticisms. As we will discuss below (pp. 33-34), in the case of Iran there was no such community. []

15. In the case of Iran, there was also a failure of what can be called intellectual or analytical management in the absence of substantive review of what the analysts were writing. Others in NFAC did not go over the political analysts' arguments with them, probing for weak spots and searching for alternative interpretations that needed to be aired.* []

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16. Evidence. From reading most NFAC documents one cannot tell how the analysts reached their judgments or what evidence they thought was particularly important. One does not get a sense for why the analysts thought as they did or what chains of reasoning or evidence might lead one to a different conclusion. At any number of points in NFAC products one can find unqualified assertions without supporting evidence presented. Space limitations explain the paucity of evidence in the NID and reader impatience is an important factor in preparing the other publications as well, but the result is unfortunate. []

**For part of the explanation, see subsection, Discussion and Review (pp. 32-37) below.*

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17. To put this point a slightly different way, if one started with the belief that the Shah's position was weak, there was almost nothing in the finished intelligence that would have, or should have, led one to change one's mind. Reading NFAC production would show that other people had a different view, but not why this view was valid. Most often one finds assertions, not arguments supported by evidence. Often it is only their inherent plausibility that would lead one to accept the conclusions. []

18. Of course the consumers do not have time to read a full account of the evidence on which judgments are based. But such a development and presentation would still serve important functions within the intelligence community. Individual analysts may not fully realize how much--or how little--evidence supports a given position unless they work through it systematically. And doing so can yield new insights. Analysts in other agencies can read fuller versions and so both be better informed and be in a better position to offer criticisms and conflicting views. Middle-level NFAC managers could also work with papers that had fuller evidence and would be able to see what judgments seemed questionable, where the arguments were weak, and where alternative explanations needed presentation and exploration. Here, as in other areas, we recognize that available resources set limits to what can be done, and that other equities have claims on those resources. But time spent on a systematic exposition of the evidence for and against a particular belief may well be more valuable than an equal amount spent on reporting the latest events. []

19. Alternative Explanations. In addition to producing evidence, or rather as part of the same process of demonstrating why a conclusion is valid, discussions will often be of greatest value when they include explicit consideration of alternative interpretations. Most NFAC analysis on Iran did not do this. At times, it admitted puzzlement. But usually it gave a single, quite coherent, explanation.* What is most important is not that many of those explanations turned out to be incorrect--since the evidence was often skimpy and ambiguous--but that a range of interpretations was not presented.

[] *notes that the single coherent explanation has long been the preferred analytical style in NFAC and its predecessors. Alternative explanations have been employed from time to time, usually at the expenditure of great effort and with senior management support.* []

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We think this should be done on a regular basis, with evidence present for and against each of the alternatives. (U)

20. The number of questions on which this can be done and the number of alternatives that could be developed are theoretically limitless, but it is often possible to find a relatively small number of crucial ones, which, if answered differently, would most alter one's understanding of the situation and the predictions one would make. The availability of feedback from policymakers would help in choosing the questions. []

21. The point of this exercise is three-fold. First, it would encourage the analysts to be more explicit about their reasoning processes by making them contrast their views with the ones they have rejected. Second, it would lead them to marshal their evidence in a systematic way. Third, the process of working through the alternatives should encourage the analysts to think more thoroughly about some of their important beliefs. Some of the problems we located in the dominant interpretations could have been addressed at the time if the analysts had proceeded in the manner we are suggesting. For example, it might have become clear that the belief that the Shah would crack down if the situation became very serious was impervious to almost all evidence short of that which would appear at the last minute. Similarly, a thorough analysis of what was believed and why might have shown the importance of what Khomeini stood for and thus led to systematic efforts to gather more evidence on this question or at least to a more detailed examination of the information NFAC had and the inferences that were being made about him. []

22. One obvious difficulty is that seeing things from a different perspective or discussing possibilities that others have not seen or have rejected is not likely to occur unless it is rewarded by the organization. This would involve a recognition that in many cases the effort will not have direct benefits. Usually the dominant view is correct, or at least closer to the truth than many of the alternatives. It is now easy to see that alternatives should have been raised about Iran, but the case must rest not on the claim that the dominant view was wrong, but on the argument that examining several alternatives will lead to better analysis. But unless this mode of argumentation is valued and rewarded by NFAC, it is not likely to thrive because it asks analysts to discuss positions that they disagree with and which they know are not likely to be accepted. []

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23. Predictions as an Analytical Tool. As Richards Heuer has pointed out,* studies in psychology show that people tend to maintain their beliefs and images in the face of what in retrospect is an impressively large amount of discrepant information. We all tend to see the world as we expect to see it and so are slow to change our minds. As the open literature has discussed at length, this tendency is not always pathological since much evidence is so ambiguous that we could not make any sense out of our world unless we allowed our interpretations to be strongly guided by our expectations.** But there is an ever-present danger that the analyst will fail to properly interpret, or even detect, evidence that contradicts his beliefs and so will maintain his views--perhaps even failing to see the alternative--in the face of mounting evidence that is incorrect. []

24. The case of Iran reveals a need for analysts to make sharp and explicit predictions as a partial corrective for this danger. The point of this is not to exaggerate how much we know or to develop a scorecard, but to encourage the analysts to think about the implication of their beliefs and to have them set up some indicators of what events should not occur if their views are correct. This can sensitize them to discrepant information which they would otherwise ignore. Of course having a prediction disconfirmed does not mean that one should automatically alter the most basic elements of one's beliefs. The fact that demonstrations grew larger than most analysts thought they would does not mean that they should have jumped to the conclusion that the Shah was about to fall. But since most people correct their beliefs too little rather than too much as new information appears, paying special heed to events that do not turn out as expected can be a useful corrective. []

25. Explicit predictions would have been especially helpful in the Iranian case because, as we discussed in other sections, much of the discrepant information arrived bit by bit over an extended period of time. Under these conditions it is very easy to fail to notice that events are occurring which would have been unthinkable a year before. Systematic procedures are needed to make analysts reflect on the gaps that may be developing between the events and the implications

*"Cognitive Biases in the Evaluation of Intelligence Estimates,"

[] "Analytical Methods Review," [] October 1978.

**Robert Jervis, Perception and Misperception in International Politics, Chapter 4.

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of their basic beliefs. Thus it might have been useful if shortly after Sharif-Emami was appointed Prime Minister and made significant concessions to the opposition, the analysts had made explicit predictions about their impact. Without this, it was too easy to overlook the degree to which the developing events did not fit easily with an optimistic assessment. Similarly, analysts could have tried to clarify what level of intimidation they thought would be effective in discouraging the opposition and the size of protest marches and demonstrations that they thought the dissidents could muster. We think that one reason why the analysts did not see the full significance of the number, intensity, and nature of the demonstrations was that they became too accustomed to them. The size of the demonstrations and the number of casualties were implicitly compared to what had occurred in the last weeks or months rather than being matched against expectations generated by beliefs about how serious the situation was. Thus as the scope of protests increased, the amount of unrest that the analysts implicitly accepted as being consistent with their belief that the Shah could survive also increased. Had they made explicit predictions at various points in the spring and summer, they might have been quicker to reevaluate their position. []

26. The belief that the Shah would crack down if it became necessary might also have been subject to great doubt if explicit predictions had been made about the level of disorder they thought the Shah would permit. Since the initial statements about a possible crackdown occurred in December 1977, it appears that when the unrest started many observers thought that this level was fairly low. Throughout 1978 NFAC received and occasionally made similar statements. No one noted that they had been made before, when the protests had been much milder. If analysts had been pushed to say not only that a crackdown would occur if things got serious enough, but how much protest would be required to trigger repression, their predictions would have been disconfirmed and they would have been more likely to re-examine their underlying beliefs.* []

**The Embassy came close to doing this when it noted that the "initial...GOI reaction to the Tabriz riots is surprising and somewhat cheering. GOI has not gone into repressive mode... as many feared." (Tehran 1879, 23 February 1978, []) But because everyone was focused on the possibility of the Shah's "overreacting" and the possibility that things might get out of control was remote, the disconfirming of a prediction had little impact. []*

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27. Not only predictions, but some ways of reminding people of them, are necessary. To use an example from the Embassy, it argued that the moderates might be satisfied if Prime Minister Amuzegar and some of his leading cabinet members were replaced and if a serious anti-corruption campaign were undertaken. "Concessions of this nature might at least bring the moderates into the political process and permit the GOI to direct its police and intelligence efforts against extremists..." (Tehran 7882, 17 August 1978, S/NF) Within a few weeks the new cabinet of Sharif-Emami had gone much further than this and yet the moderates remained unappeased. Recalling the earlier analysis might have stimulated a closer examination of the belief that the moderates could be conciliated, thus separating them from the extremists and permitting a compromise that the bulk of the politically relevant groups could accept. []

28. These predictions need not be made in official papers and would not be for the purpose of attempting to foresee the future. Rather the process of making the predictions would help the analysts understand the full implications of their beliefs, and the predictions themselves could serve as benchmarks which could help the analysts avoid the common trap of seeing too many events as consistent with their beliefs. []

29. Simplistic Terms. Intelligence publications have a long history of using shorthand terms. They have the advantages of brevity and of conveying understanding to a readership not necessarily familiar with the country or subject being discussed. But there are traps in such usage. Shorthand terms such as "left-wing" or "right-wing," derived from Western political processes, are usually not applicable to authoritarian LDCs. "Extremist" and "moderate" are troublesome in that they may reflect more of the attitude of the user than of the person or institution described. Very often such an outmoded or incorrect term is so deeply embedded in the lexicon that only heroic efforts by strong-minded people will root it out. Usually it is succeeded by a new term that becomes equally resistant to change. []

30. Happily NFAC production on Iran did not err grievously in this area. In describing the religious opposition to the Shah, NFAC publications used "fundamentalist," "conservative," and occasionally "dissident" as adjectives. When

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an analyst was not constricted by length requirements, he has attempted to define the terms he used. []

[] Nonetheless, there were unclarities; the "moderate" religious opposition would have been more properly characterized as a group prepared to acknowledge a role, albeit limited, for the Shah and desiring greatly enhanced powers of their own. []

31. The possibilities for conveying misleading information to consumers through the use of shorthand terms are many. We think that all those involved in the production process--managers, analysts, and editors--need constantly to keep in mind the prospective readership of the document they are working on and to question whether a given term will give a reader a correct, and not just a brief, understanding of the phenomenon it purports to characterize. []

32. Discussion and Review. A basic problem with the process by which finished intelligence was produced in the case of Iran was that there was little sharp and critical discussion among the analysts. NFAC does not have any institutions that provide the functions of both evaluating and stimulating the analysts that are performed in the academic world by peer review. Analysts are then not challenged and confronted with conflicting views and counter-arguments as much as they could be. In practice, coordination of finished intelligence rarely leads to discussion of fundamental judgments. Peer review is certainly no panacea, but it can both help evaluate the quality of work in instances where consumers are not experts and can help the analysts by leading them to see where their arguments might be altered or strengthened. It is hard to do good work in the absence of mechanisms for performing these functions. NFAC has all the requirements for peer review except appreciation of its value. Most analysts and managers appear to consider it threatening rather than helping. The reception of NFAC's long papers on Iran is an illustration of the problem. Although the State Department's Country Director for Iran said that Elites and the Distribution of Power in Iran "should be required reading for newcomers to the Iranian scene" (the Iranian analyst in INR and a senior Pentagon official were equally laudatory), almost no one offered substantive comments and criticisms. Without claiming that criticism automatically leads to better analysis, we

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think that its absence renders learning and improvement very difficult. The analyst is operating in something of a vacuum. He cannot easily see alternatives to his own perspective. He does not have colleagues to point out information he may have missed or interpretations he should consider. []

33. The lack of a "community" of analysts dealing with a problem, a subject, or a country is noteworthy. The division of NFAC and its predecessor by discipline contributes to this. So do the small number of analysts [] and fragments elsewhere) and the infrequent communication across disciplinary lines. An additional factor is the tradition in ORPA's predecessor office of analysts working on "their" country, building a psychological fence that others won't cross. []

34. The effective size of the community was even smaller than these numbers indicate. Within NFAC, the senior political analyst was generally deferred to because of his long experience in and deep knowledge of Iran. The consequence was not only that one voice carried great weight, but that this analyst did not have the opportunity to test out his ideas on others who might disagree with his conclusions or make him fully articulate his assumptions and reasoning processes. []

35. [] who has seen finished intelligence produced by a variety of organizational forms, notes the importance of the current absence of institutional competition and the supportive criticism it can provide. The mechanism that once existed where a current office and an estimate office looked at issues from their different perspectives was not a cure-all, but it did offer on a regular basis opportunity for different approaches to surface. The exchange involved sharpened argument and caused people to examine assumptions. No such opportunity existed during the period we are reviewing. Its demise is a considerable loss. []

36. The size of the relevant community was further reduced by the isolation of the ORPA analysts.* They had few close

**OER analysts were not as isolated because OER is the largest, and probably the most important, of the government groups working on other countries' economies and is plugged into a network of economic analysts in other agencies. The establishment of the Iran Analytic Center (mid-November) may have alleviated some of the problems of analysts' isolation which are discussed below.*

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contacts with academics or other informed experts outside the government; they had few conversations with people in State or NSC; even during the fall they were not involved in any of the inter-agency meetings that considered the Iranian problem, except for ones involving the NIE. (NFAC was represented by the NIO or his deputy.) The problem is not only in the lack of discussions between NFAC analysts and those from other agencies--ORPA and OER analysts rarely had thorough talks about what was happening in Iran. []

37. The senior political analyst knew several outside experts fairly well, but not so well as to be in close touch with them during the crisis. This is especially striking because many of his concerns were "academic." But, until only a few years ago, close contacts were encouraged by only a few offices in the DDI (NFAC's predecessor); most analysts were not urged to meet outside experts or given travel money to go to meet them--and old attitudes die hard. Many people outside the government are of course hesitant to talk to anyone from the CIA, and the expectation of being rebuffed further inhibits trying to develop such contacts. []

38. Relations with people at State were not close. Several years ago the Iranian desk officer had weekly meetings of Iranian specialists throughout the government concerned with policy and with intelligence, but when a new desk officer was appointed this pattern was broken. Once broken, it was hard to re-establish. The NFAC analysts felt they could not re-establish it, in part because of the obvious difficulty of getting people to come out to Langley, in part because meetings sponsored by NFAC would be of limited interest to many potential participants because they would not deal with US policy. The OER analysts frequently talked to their opposite number on the Iran desk in State and they have told us that these exchanges were very beneficial, both for the information and the ideas that were gained. There were few conversations between the ORPA analysts and the desk officer, however. This was especially unfortunate because the latter was probably the most pessimistic official in the government. The analysts had fairly frequent discussions with George Griffin, Chief of INR/RNA, South Asia Division, but these almost always concerned specific pressing questions and did not lead to a general exchange of views on such topics as whether the opposition would split or whether the Shah would act decisively. Furthermore, most

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conversations were carried out via regular telephone lines (INR offices do not have secure phones at hand) and so had to be very restrained. []

39. Thus the differences between ORPA and INR were never argued out. Griffin (and presumably Precht) read the NID (and several long NID items in the fall of 1978 were concurred in by INR), NFAC analysts read INR's dissenting footnote of 11 September [] and its slightly pessimistic IIM of 29 September. But they never sat down together to learn exactly where they differed and why. []

40. There was no contact between the analysts and people from the NSC. Again the analysts felt they could not take the initiative, and since they almost never saw the relevant NSC staffer there was no opportunity for them to develop habits of exchanging views. []

41. As the crisis developed, inter-agency meetings were devoted to Iran. As noted above, NFAC was represented by the NIO or his deputy and the "working level" analysts were not present. Furthermore, the NIO did not tell the analysts of what was said at these meetings, what people in other agencies were thinking, where the arguments they were making in the NID might be revised in light of other opinions, or what assumptions others held. []

42. As the NIO became more pessimistic during October, he understandably lost faith in the political analysts' judgment. As a result, he did not engage in full exchanges of opinion with them. The analysts suffered by missing the knowledge that others in NFAC and outside disagreed with them and losing opportunities to have their arguments challenged and rebutted; the NIO suffered by losing some of the information and insights held by the analysts and by not being able to develop his arguments by testing them out on an expert who disagreed. []

43. Several NFAC analysts mentioned that throughout most of the period of growing unrest, they reinforced each other in their beliefs that the Shah could survive. They were not wrong to draw added confidence from the fact that there was a high degree of consensus, but given the fairly small number of analysts involved and the difficulties in predicting what would happen, it might have been helpful to have sought wider

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views. There was one such meeting with outside experts in late October 1978 sponsored by State, and several of the analysts later remarked on the range of information and contacts which the academics had and were struck by the latter's general pessimism.* Without resorting to the artificial device of devil's advocates, the bringing in of a wider circle of analysts might serve the function of challenging assumptions and increasing the sensitivity to information that does not fit the prevailing views. []

44. Because so much of the analysts' time and attention must be focused on summarizing and simplifying the confusion and complexity in the area of their specialization so that it can be understood by harried generalists, there are few incentives and opportunities for the analysts to develop more fully their views in as much sophistication and depth as they are able. In calm times, the kinds of papers we think were needed in the summer and fall of 1978 probably will be of little use to consumers. The audience will have to be others in the intelligence community and perhaps FSO's on the country desk in the State Department. But without greater incentives for the analysts to write for their colleagues as well as for their superiors, we wonder if they can be prepared to foresee crises and deal with them when they arise. (For a related point, see above, p. 27.) []

45. Especially when the number of NFAC analysts working in an area is small, we think it is important for them to have as extensive contacts as possible with outside experts. Without this the analysts may not come to grips with the range of possible interpretations of events and may end up presenting facts and interpretations that are far removed from what other knowledgeable observers believe. This problem is especially great when one deals with countries which consumers know relatively little about. Any number of important facts could be mis-stated or omitted and very questionable interpretations could be asserted as though they were universally agreed-to without consumers being able to detect the problem. For example, Iran in the 1980s, (August 1977, []) reaches quite favorable judgments about the GOI's programs in such areas as family planning, education, and the economy. It

**Other participants detected no substantial difference between government and outside discussants.*

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claims that "Iran will probably come close to the Shah's goal of a per capita GNP equal to that of Western Europe by the mid-1980s." (p. 30) Iran After the Shah, (August 1978, []) states that "There is little in the Shah's overall reform program that would be objectionable except to the most reactionary and conservative groups.... The reforms have generally been a success because the Shah has had enough authority to push them in the face of the usual bureaucratic inefficiency and lethargy." (p. 21); also see NIE draft of 6 September 1978, p. I-14, []. These judgments may be correct and may even be shared by all experts in the field. But without drawing on a wider circle of experts there is no way of assuring that this is the case. In our judgment, NFAC should make strenuous efforts to assure that its understanding of various countries; i.e. the crucial background beliefs against which the interpretation of specific events is done, is as deep as possible. As with employing alternative arguments (above), the activity that can build such understanding must be valued and rewarded by NFAC; results will appear in the long-term, not in immediate production. []

46. Although contacts with outside experts may be of some assistance if made during a crisis, they will be most fruitful if the analysts have developed working relations with them over an extended period of time. Of course this is difficult when the turnover of analysts is high and in any event requires NFAC management support for travel and conferences and a milieu which encourages such contacts. []

47. In addition to maintaining close contacts with outside experts, NFAC could have involved some people within the Agency who had not been deeply involved with Iran. Such persons, even if they shared the basic predisposition that the Shah was strong and the opposition weak and divided, might have been quicker to notice the discrepancy between their views and the evidence of growing demonstrations. Having no stake in the previous predictions, they could have found it psychologically easier to take a new look at things. And because they would not have been experts on Iran, they would have been more likely to focus on some of the basic questions which the more experienced analysts by now took for granted. It may have been no accident that by early October the NIO was relatively pessimistic, and he was new to his job. []

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The Estimative Mechanism

48. While unrest was building in Iran, a proposed NIE on the future of that country was being drafted. The process had started early in 1978 because it had been several years since the last NIE was completed; it was not a response to specific events. []

49. The drafting of the NIE did not lead to a fruitful discussion of important issues, perhaps because there was a great deal of agreement among the participants.* The last draft of the paper does not reveal tighter arguments, more and sharper alternative perspectives, or more carefully developed evidence than does the first draft. The scheme of organization changed, some topics were added and some were

**INR was more pessimistic, as is most clearly shown by its footnote of 11 September 1978 [] INR's differences apparently first surfaced at the initial coordination meeting of 28 July, but not in strong enough form to have an impact on the NIE, and were repeated more vigorously at the 30 August meeting. []*

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deleted, and minor alterations allowed individual positions to become community-wide ones. But by and large, all that happened was that separate parts of the drafts were paper-clipped together rather than integrated (e.g. the political and the economic sections). The NIE suffers from a rambling style which lacks tight organization and well-crafted arguments. In many places the paragraphs often seem to be placed at random; even paragraphs themselves lack any clear line of march. The document is hard to read and harder to remember. Partly for these reasons, the NIE did not focus the reader's attention on major judgments. []

50. The reports of the analysts confirm the impression produced by reading the drafts: they did not learn much from putting the paper together. Their ideas were not challenged by others in the community; they did not have to probe their own pre-existing beliefs or the evidence they had felt was significant; no flaws in what they had thought were brought to the surface; no one made critical and penetrating comments on anyone else's analysis; no one was led to see things in a different light. []

51. Judging from the changes in the successive drafts of the abortive NIE, most of the energy of this process went into subtle wording changes that would be apparent only to someone who had seen several versions. To show this, we have reproduced a paragraph from the 21 July and 6 September drafts, underscoring the changes.

The Shah is supported sometimes without great enthusiasm, by all significant elements of the current power structure. The cabinet, parliament, the bureaucracy, the security forces and most of the business and commercial community are all on his side. Although many might abstractly prefer a more democratic system, even those who are lukewarm about the monarchy, the Pahlavi dynasty or both are uneasy when they consider the uncertainties about the character of a government without a strong Shah. []

The Shah is supported, often without great enthusiasm, by most significant elements of the current power structure. Influential persons in the cabinet, parliament, the bureaucracy, the security forces and the business and commercial community

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are generally on his side. Although many would prefer a more democratic system, even those who are lukewarm about the monarchy, the Pahlavi dynasty, or both, are uneasy when they consider the uncertainties about a government without a strong monarch. []

52. Part of the reason why the important issues of who supported the Shah, and with what intensity, did not get analytical treatment in this forum may have been that the participants do not see the NIE, and especially the body of the paper, as opposed to its principal judgments, as particularly important because they doubt whether it would be read, let alone absorbed, by the policy-makers. []

53. In retrospect, it is apparent that the government would have been better served by a paper that did address the shorter-term questions. To have asked for such a paper, however, would have required a recognition that the Shah was in serious trouble, and given the prevailing beliefs, that could not have occurred until the end of August at the very earliest. Indeed, INR called for such a paper on 12 September. But it took a week for NFAC to decide that such a paper should be produced and another ten days for the State Department to draft it. Apparently influenced by the mid-September lull, the paper concluded that "The Shah no longer appears to be in immediate danger of being overthrown. There is considerable question, however, of his ability to survive in power over the next 18 to 24 months." [] The paper was much more sharply focused than the NIE, but still failed to address several of the questions mentioned in other sections of this report which would strongly influence the Shah's fate. Whether this IIM would have served a useful purpose is difficult to determine. In any event, D/NFAC decided not to pursue it "on the grounds that it considers too immediate a time frame; what is needed is a new draft NIE that...considers both near and long-term problems." (Chronology of Iran NIE, page 4, [] enclosure (2) to NIO/NESA memo to DCI, 17 November 1978, TS) Such a draft was prepared by the NIO's office at the end of October, but by this time it was no longer relevant. []

54. It is obvious that a lot of time and energy was expended in these efforts, with little to show in terms of results. We think that managers could have done a better job of focusing NFAC resources on the timely analysis of the most important questions. []

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55. At the risk of appearing parochial, one of the authors of this report [] wishes to point out that the intelligence community once had an estimative mechanism which could and did produce analytical papers (SNIEs) on issues such as that of the Shah's position and short-term prospects in a few days or a week. Such production forced analytical attention on what management and policy-makers (if they asked for a paper) considered to be the important issues. The present lack of an institution with such capacities may have contributed to the difficulties in this case. []

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REPORTING AND ANALYSIS - GENERAL

1. This section presents a general survey of the way in which NFAC intelligence production used the information available to it on Iran. Issues which are discussed at length in separate sections below are noted only briefly here. Most of those issues relate to the 1978 period, and because so much happened in 1978, we have provided (Annex C) a chronology of events, official reporting, NFAC coverage, and public commentary for 1 January - November 1978. []

2. During July-September 1977, reporting on domestic political affairs focused on several events.

a) The Embassy reported (Tehran 7086, 10 August 1977, [] and A-124, 25 July 1977, [] on three petitions by men of letters, lawyers, and members of the dormant National Front. A-124 was a general assessment of intellectual and religious opposition as of mid-summer; we refer to it below in the Religious-based Opposition.

b) The appointment of a new prime minister and changes in the cabinet were anticipated by Embassy reporting although the Embassy did not identify the winning candidate for prime minister. The Embassy reported that the change in prime ministers was a response to criticism of electricity shortages and that it emphasized the role of the sole legal party, which was headed by the new prime minister. []

3. The potential for terrorist activity was discussed and assessed by the station, Embassy and Defense Attache. All three were concerned with whether the year-long lull in such activity might be broken. []

4. Embassy reporting (Tehran 6991, 7 August 1977, [] Tehran 7074, 10 August 1977, [] and Tehran 7494, 22 August 1977, [] discussed reasons for the changes in certain cabinet ministers. They indicated the Shah's awareness that Iranian agriculture was in trouble and that the extensive outages of electrical power had begun to have a serious effect on the population in Tehran and other cities. The Shah's speech to Parliament in September stressed that agriculture must be developed and laid blame on the planning organization for many of the problems in the development process and resulting stresses that were becoming apparent in Iranian society. []

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5. The reporting conveys a general sense of business as usual, that the Shah is in control, and that he continues, as he has for years, to make all major and most minor decisions. There is some expression of concern over the possibility of student demonstrations after the universities opened in late September. There is clear evidence of concern over a resurgence of terrorism which had taken six American lives some years earlier. []

6. The NFAC (then DDI) publications fall into four categories:

a) A major study, about a year in the making: Iran in the 1980s was published in August. It was substantially completed in May, though minor updates were made in July.

b) The NID carried ten items on political matters relating to Iran of which eight were on Iranian international relations, one was a short piece on the appointment of the new prime minister and another reported the attempt to assassinate the Shah's sister in France.

c) There were 11 items in the ORPA periodical for regional specialists on the Middle East and South Asia--six were on international affairs and five on domestic affairs.

d) Miscellaneous publications included a mention in the Human Rights Weekly Review for 15-21 July [] of an anti-discrimination bill making its way through the Iranian Parliament. There was also a typescript memorandum--"The Terrorist Threat Against Americans in Iran"--which concluded that terrorist organizations "do not at this time pose a threat to the stability of the Shah's regime but they do remain a major security problem. The threat of terrorist attacks against US citizens and Iranian officials remains high in spite of the lull . . . this year."

[] 30 September 1977, []

7. The five articles in the ORPA periodical which discussed domestic political developments draw on field reporting to discuss the Shah's liberalization program, the limits to criticism of his policies that would be permitted, and the problems posed for the Shah if criticism were to exceed established bounds. The analysis notes that over the previous

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year or so official Iranian attitudes toward public criticism of the regime had softened. [] July 1977, [] reported the emergence in public after an absence of more than a dozen years of National Front politicians. "Iran: More Dissident Activity" [] 17 August 1977, [] analyzes the three petitions of criticism making the judgment that the demands of the National Front "are completely unacceptable to the Shah." This publication notes that many of the National Front leaders "accept as an unchallengeable fact that the Shah is completely controlled by the US." Another article in [] (17 August 1977, [] assessed the Shah's effort to get a functioning political party established, noting the prevailing view in Iran "will cynically assume that this is just the latest of a long series of artificial creations to give the appearance but not the reality of political freedom." Finally [] 14 September 1977, [] discussed the petitions of protest, noting that the Shah's objectives appeared to be either to let people criticize, to force critics into his tame political party or to suppress all objectionable criticism. The paper judged that "he would take this [last] course if criticism exceeded permissible limits and attacked the institution of the monarchy on a regular and systematic basis." []

8. Reporting on domestic matters in Iran in the fourth quarter of 1977 focused extensively on demonstrations by university students, changes in Iranian planning for economic development, the potential for terrorist violence, and, they relate in the period, the potential for anti-Carter manifestations. The last was in preparation for the President's brief visit to Iran, 31 December 1977. []

9. In October there was a flurry of reporting about demonstrations by university students demanding that female students be segregated on university campuses. The Embassy, noting that "University demonstrations . . . are old hat in Iran," stressed a genuine congruence of government policy and feelings of most students that the demonstrations were reactionary. (Tehran 9082, 13 October 1977, [] [] (28 October 1977, [] commented that "the disturbances . . . served to remind the Shah that conservative religious opposition . . . is still a force to be reckoned with." (An unreported event was the death of Ayatollah Khomeini's son in Qom under what the Ayatollah considered mysterious circumstances.) []

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10. More violent, larger, and decidedly anti-government demonstrations took place for several days beginning in mid-November. Demonstrations in several universities in Tehran and in the provinces were large and violent but not out of the ordinary by Iranian standards. Early reports that students had shot policemen turned out to be false. These demonstrations took place at the same time as the Shah's visit to the United States, during which violent demonstrations involving thousands took place here in Washington. (NID, 18 November 1977, []) Student disturbances quieted down by early December, and despite concern that 7 December, a traditional anniversary for Iranian student demonstrations, would prove violent, the day was fairly peaceful. []

11. As of October 1977 the Shah's policy of allowing some discussion and criticism of government policy and action, usually referred to in field reporting under the shorthand of "liberalization," had been in effect for about a year. There were indications at the beginning of the quarter that the tolerance of dissidents was continuing. (Tehran 9623, 1 November 1977, []) More letters and petitions criticizing government action and policy were reported (Tehran 10064, 14 November 1977, []) and, particularly Tehran 10216, 18 November 1977, []. The latter contained a list of ten demands by 56 opposition figures. The demands--including freedom of press and publications, free elections, freedom for political association--went far beyond what in the Embassy's opinion the Shah would be willing to permit. Around the end of November the government took steps indicating that the limits of criticism had been reached. A SAVAK goon squad broke up a meeting of National Front people held on private property on 22 November. [] [] commented that this showed how much the government feared the National Front. [] [] noted that SAVAK's decision to use force was effective in the short run, but would be counter-productive over the long term; it would work to encourage people to turn to violence against the regime. []

12. [] [] reported that the National Liberation Front as of early November had gotten the agreement of all major elements of the nationalist dissident movement and

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most of the terrorist organizations to work against the regime by peaceful means and that it was working with sympathetic religious figures. A later report []

[] noted that SAVAK violence against the National Front on 22 November might turn extremist elements away from the path of swaying the regime by peaceful means. []

13. In the area of the potential for terrorist activity, messages originating from US military installations in Iran carried considerable information. They also reported on the minutiae of some demonstrations. []

[] noted a slight upturn in terrorist activity but nothing of an alarmist nature. []

14. A year-end wrapup on recent student and dissident disturbances noted that university disturbances had become an annual fall occurrence although "repression in the period 1972-74 resulted in fewer such disturbances in 1975 and particularly 1976. This fall all signs indicate students were encouraged to demonstrate by Shah's visit to US and well advertised liberalizations of local regime controls which preceded it." The cable further noted that the lack of reaction by the government to various petitions during the summer and fall encouraged both their signers and many old oppositionists to hold the meeting on 22 November which incurred government-sponsored violence. The cable also said "obscure and puzzling have been the circumstances surrounding demonstrations by religious persons or in the name of religion," two of which called for the return of Ayatollah Khomeini. (Khomeini circulated a letter in December blaming the regime for his son's death; an event which most Western observers did not notice and which is not reported in the material we reviewed.) (Tehran 11408, 27 December 1977, [] []

15. [] []

[] noted that "support for the idea of a constitutional monarchy and a general cleanup of corruption in government is strong. In the provinces, dissatisfaction with the government centers around economic and religious issues." [] reported that middle-level government officials believe that "The Shah is concerned, but not gravely concerned about the present situation." He also is reported to believe that any religious oriented dissent represents a serious threat. []

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16. NFAC coverage of Iranian affairs included a summary of the memorandum, Iran in the 1980s which had been issued in August. Coverage in the NID consisted of a two-part assessment (12 and 14 November 1977, []) of the Shah as a ruler timed to appear when he visited Washington. In addition to an article on 18 November 1977, the NID on 30 December [] also contained a brief item on a bomb explosion in the Iranian American Society building washroom in December. []

17. The analysis essentially says that the Shah is in control and is likely to stay in control. ". . . there is no serious domestic threat to the Shah's rule. At 58, he is in good health and protected by an elaborate security apparatus; has an excellent chance to rule well into the next decade." (NID, 14 November 1977, []) The analysis does mention the fears and concerns of Muslim conservatives. It recognized that the middle and lower classes are very dubious about what the Shah's drive toward modernization is doing to traditional values. It, as early analysis had done, recognizes that problems will, over time, be created. It judges that the Shah is able to cope but that his successors "will undoubtedly be hard-pressed to meet mounting pressures within the system." [] 18 November 1977, [] In this and in earlier documents there is a clear recognition that there are stresses, that they are severe, but that it will be some time before they get unmanageable. These judgments do not differ from those held by the Embassy as reported in Tehran 11408 (27 December 1977, C). []

18. The events which ultimately brought down the Shah began with demonstrations in Qom on 9 January 1978 which resulted in a number of dead. The government's initial explanation was that rioters had attacked a police station. Later information indicated that the police had panicked and fired into a crowd nowhere near a police station. The Embassy described this event as the worst of its kind in years. (Tehran 0389, 11 January 1978, [] and Tehran 0548, 16 January 1978, []) NFAC covered this event on 20 January, noting that there had been greater loss of life than the government had indicated and judging that "religious dissidents would be considered a more serious threat if they were thought to be allied" with other opposition elements. The item notes that such an alliance is possible but that information is scarce. (NID, 20 January 1978 [])

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19. As is now well known, demonstrations and rioting followed a 40-day cycle during 1978. Prior to the first repetition at Tabriz on 18 February, ORPA's periodical publication carried an analytical piece explaining the bases of religious opposition to the monarchy. It noted the dilemma that the Shah faced; i.e., if he permitted his basic programs to be challenged demonstrations would continue and probably intensify; if he crushed demonstrations he would be accused of suppressing liberties. After explaining the antipathy between government and Shia clergy and referring to a decision by Khomeini in 1975 that participation by Muslims in the Shah's newly formed Resurgence Party was evil and therefore forbidden, the article concluded by saying "it seems likely that tension will continue between secular authority and the religious community with violence breaking out from time to time. Neither side will prevail completely but neither side can afford to capitulate." []
10 February 1978, []

20. Rioting in Tabriz on 18 February was extensive. Tehran 1710 (18 February 1978, [] said that the "level of violence is surprising." The Consul in Tabriz took a particularly gloomy view of the situation saying that the door that had swung open for religious and social forces would not be easily closed. The "Embassy believes situation not that difficult." (Tehran 1879, 23 February 1978, [] The Tabriz events were reported in the NID (21 February 1978, [] and the possibility that they might presage a rise in Azerbaijani nationalism was explored in [] (3 March 1978, []

21. Some disturbances occurred at the end of March and early April and a divergence in field reporting on them is noticeable. []
[] give an impression that the violence in a large number of Iranian cities and towns was fairly serious. Embassy reporting (Tehran 3146, 3 April 1978, C) gives a more reassuring picture of "low level violence" with small groups attacking banks, public buildings, movie houses, etc. NFAC covered these events reporting that they grew from widespread dissatisfaction on the part of conservative religious elements. It judged that "the riots, demonstrations and sabotage in many cities and towns in recent weeks are no threat to government stability." [] 7 April 1978, []
In this judgment it was in agreement with the Financial Times

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of 14 May and was not far different from an article in the New York Times of 18 May. []

[] Both the NID of 5 May [] and the Human Rights Review of 4 May [] noted that the Shah was going to take a hard line with dissidents and troublemakers. []

22. In anticipation of a new outburst on the 40th day following the early May troubles the NID [] (17 June [] noted that the Shah was trying to improve relations with the religious leadership but that there were many obstacles on the way to a durable compromise. []

[] As it happened events quieted down in Iran after mid-May. The 40th day commemorations in June were peaceful stay-at-home events, and it was not until late July that matters began to heat up again, the occasion being the death in a road accident of a Shia clergyman. There was no NID coverage from mid-June until early August when the Shah's promise of free elections was analyzed. The analysis noted that this promise was part of his timetable for developing the Iran he wanted, that there never had been free elections, and that the Shah would have continuing problems with the National Front and the religious opposition. His success would depend greatly on "the willingness of a generally irresponsible opposition" to forgo violence in favor of politics. (NID, 10 August 1978, []

23. After some two months of relative quiet, the Iranian scene had begun to heat up in late July and early August; disturbances individually were not very serious, save in Isfahan, which was put under martial law on 11 August, but they came to occur on a daily basis as the month went on. The anti-regime repercussions from a movie-theater fire in Abadan a few days later, which killed some 400 people were strong. The regime tried to pin blame on elements allied with religious opposition; the latter with considerable success in the public

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mind put the blame on the regime. The repercussions showed the Shah that religious elements needed to be placated. His decision was to appoint an elder politician with reputedly good connection with religious leader, Sharif-Emami. NFAC noted that this appointment showed how seriously the Shah viewed the situation, but also that the appointment might be taken by Muslim leaders as a capitulation. (NID, 28 August, []) There is reason to believe that some of them did. At any event, religious leaders organized a massive, peaceful protest on 4 September (a religious holiday) and in defiance of government orders forbidding such demonstrations, a second on 7 September. These demonstrations led to the imposition of martial law in Tehran and 11 other cities on 8 September and the killing of a large number (c. 300) demonstrators in Tehran by troops later that day. []

24. The events of late August and early September, as we now know, constituted a major turning point. The possibility of a compromise was probably lost then, although there was no way of knowing it at the time. Just prior to the imposition of martial law the Embassy, summing up the situation in Tehran 8485 (6 September 1978, []) noted the very strong anti-regime stands of the religious leadership and the less important National Front which reject compromise or negotiation. The NID (30 August 1978, []) reported the new cabinet, stressing that it was trying to reach accommodation with religious leaders. Political affairs in Iran were given fuller treatment in "Iran: Prospects for the Shah," (NID, 14 September 1978, []) which laid out the difficulties that the Shah and his associates would have in trying to cope with various opposition pressures. It made the point that given the limitations on how far the Shah was willing to liberalize, opposition leaders would need to show a greater willingness to cooperate if a resolution of Iran's problems were to be reached. It noted that such cooperation was alien to the society and would not come easily. This element was repeated in other intelligence publications in the next couple of months, carrying the implication that such cooperation will not, in fact, be forthcoming. They do not, however, go on and draw the conclusion that efforts to effect a compromise acceptable to the Shah and his opponents would almost certainly fail. []

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Comments

25. The conventional wisdom concerning the staying power of the Shah's regime is mentioned elsewhere in this report and need not be repeated here in detail. The reasons for holding it were his proven record of survival, the loyalty of armed forces, weakness of political (secular) forces, belief that the Shah was ready and willing to use the force necessary to suppress opposition. The Shah intended, as part of his plan to secure a dynasty, to construct a political edifice that would function after his demise. He had not, however, let anyone know when and how he intended to do this, and his actions of loosening and tightening the political reins confused participants and observers and led some of them to conclude that he was losing his grip. []

26. The demonstrations and deaths in January and February, were not in themselves cause for alarm. The continuance of the cycle in late March and early May was, and concern was reflected in the NID article of 17 June, when 40th day violence was due to take place. But the commemoration was peaceful. When trouble began again in the latter part of July it happened piecemeal, and was not well reported according to the documents we have. During August, anti-regime momentum built up, coming to a head on 8 September with the imposition of martial law and the killing of some 300 protesters. []

27. One can argue that those observing Iran should have taken a good, hard look at the way events were shaping up as of early September 1978 and reached a judgment that the Shah was in serious trouble, perhaps in danger of being overthrown. The NIE then in progress offered such an opportunity, and State/INR did express a dissenting view even though it was fairly mild. Within NFAC, people did consider the situation and, no doubt influenced by their judgment of the army's loyalty and by the "he's down, he's up, but he's more up than down" tenor of field reports on the Shah's moods, considered that he would stay in power. The relative peace that prevailed for a month after 8 September helped in maintaining this optimistic outlook. And so did the relative paucity of arguments to the contrary; []

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28. The language used in NFAC publications, however, is different than that of a few months earlier. Both the political and economic intelligence talk of problems and difficulties. There is no sense that the Shah will have everything his way. But the overall impression is still that he will probably be able to outmaneuver his opposition. Only with the definitive failure of the regime's efforts to publicly divide Khomeini from the less extreme ayatollahs at the end of October, and the subsequent establishment of a military government does NFAC conclude that "the Shah has delayed so long in taking decisive action that he has reduced substantially his earlier good chance of preserving the Pahlavi dynasty with powers like those of the past." [REDACTED]

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WHITE REVOLUTION

1. In retrospect, the analysis of the difficulties of staging a "white revolution" was a bit superficial and over-optimistic. Perhaps the analysts, like many non-governmental observers, were misled by the Shah's many successes--real and apparent--and so lost sight of how hard it was to modernize, liberalize, and yet maintain control. History provides few examples of leaders who have been able to do this over an extended period of time. That the Shah was able to do as much as he did is a testimony to his resourcefulness. Without suggesting that one could have predicted with certainty that he would eventually fail, we think that the problem was serious enough to merit more careful and sustained analysis of the situation he was in and the problems he faced. Our conclusions and evaluation are on pp. 65-67.

A Politico-Economic Problem

2. Three aspects of the issue are apparent, and we do not think that it is only hindsight that makes them stand out. One is the impact of the huge influx of oil money on the country. On this point NFAC's product suffered badly from the separation of political from economic analysis (a subject to which we will return). The deficiency is a common one and exists outside of government as well as in it. Analysts are trained in either politics or economics, and institutional barriers inhibit joint work, with the result that topics that combine both subjects do not receive sufficient attention. Thus it is disturbing but not surprising that NFAC papers gave the facts and figures on economic growth and change, talked about the rates of inflation and the bottlenecks and inefficiencies in the economy, but never explained what this was doing to the political system. More specifically, little was said about the changes in power that were occurring and the resulting grievances among those who were losing out economically--at least in relative terms and losing political influence--even in absolute terms. Brief mentions are sometimes made. Thus a short part of the economics section of the draft NIE of 6 September 1978 was headed "Basis for Popular Unrest," and began:

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"Most Iranians have gained little in terms of standards of living from the oil and construction booms, and discontent with the Shah's economic and military priorities could add to labor unrest in the years ahead. . . . The gap between rich and poor has widened, and the poor have been particularly hard hit by inflation. . . . The small-scale artisans, retailers and providers of services and simple manufactured products that constitute the private sector have languished for lack of credit and because of high taxes. . . . As in the past, programs to expand housing and social welfare will be carried out slowly. The Shah's development program seems likely to lead to growing discontent among the urban poor."* []

Some of this analysis also appears in the NID for 18 September 1978 [] and similar analyses are presented in CIA ER []
[] 14 September 1978. []

[] Although a bit bland, this analysis was better than that found in the section of the NIE dealing with the "Power Structure":

"The Shah has deliberately aimed his program at the common man, hoping to build mass support, make easier the building of Iran into a modern industrial state, and assure a peaceful transition and reign for his son. At this point, however, it is not clear whether the Shah has achieved positive mass support or simply avoided mass discontent." []

3. Further analyses were needed, especially of the political implications of these economic changes. Not only did intelligence need to try to find out whether the Shah's support was eroding among the working classes which were generally thought to have benefitted from his rule, but there was a need for analysis of the changing position and attitudes of

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bazaaris and other segments of the middle class. The political impact of the cooling off of the economy after mid-1977 should have been examined. The common belief, mentioned in many NFAC publications, that the greatest dangers would arise in the mid-1980s when oil revenues decreased, social problems accumulated, and the Shah tried to arrange the transition to his son's rule helped to distract attention from the present problems. Had this belief been borne out, NFAC would undoubtedly have been congratulated on its foresight. That it was not does not mean that such attempts to see problems long before they arise should be discouraged. []

4. These economic changes produced several effects. First, the quality of life was actually lowered for some people, especially those who were hard hit by inflation. Second, many important groups lost power and influence as new entrepreneurs made their fortunes, often through connections with the regime. Thus it is not surprising that the bazaaris strongly supported the opposition. Third, foreigners had a large role in the economic changes--and were probably seen as even more important than they actually were--thus increasing nationalism. Furthermore, since the Shah was closely identified with foreign interests, he was the target of much of this feeling. Fourth, the dislocations and rapid changes led in Iran, as they usually do, to a resurgence of traditional values, in this case religious values. Hindsight makes these patterns clearer, but they are common ones in societies undergoing rapid economic growth and we think that both analysts and management in NFAC should have known that they called for close attention. []

5. The second aspect was the peculiar nature of the oil boom, which posed special problems. Not only was the increase in government revenue both terribly rapid and terribly large, but the government did not have to develop efficient state machinery for mobilizing or extracting resources from the general public. This enabled the government to avoid unpopular measures, but it also had two unfortunate side-effects which were not treated in the NFAC papers. First, the government could avoid heavily taxing the rich. While this had some political benefits, it allowed the income disparities to increase markedly and fed resentment among the rest of the society. Second, it allowed the government to forgo ties to the grassroots--either repressive or mobilizing. It was thus easy for the government to lose touch with mass opinion.

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It lacked the organizations and cadres which could have channeled demands, transmitted information and coopted local leaders, and exerted control through means less intrusive than SAVAK. These efforts are difficult and often fail, but in most cases states that do not have some success along these lines simply cannot bring about great social change because they lack the instruments for doing so. In sum, the oil boom allowed the government to foster large-scale social change, with the resulting disruption of much of society, without having to develop the instruments that could help ameliorate some of the problems and channel and control the dissent. The GOI apparently realized this and tried to develop the official political party and several auxiliary organs (Tehran Airgrams A-124, 23 July 1977, [] and A-157, 19 September 1977, [] PR AME 77-054, 14 September 1977, [] but these efforts failed. The government was then more fragile than it seemed. []

The Shah's Liberalization Program

6. The third aspect of the Shah's general dilemma that received insufficient NFAC analysis was the problem of liberalizing a repressive regime. This problem was mentioned with some frequency, but there was no detailed and careful discussion of how great the problem was or how the Shah might cope with it. This question was of obvious importance after the fall of 1977 when the Shah started to liberalize and when the USG had to decide how much to push the Shah to liberalize, but at no time in the succeeding year was there an NFAC discussion that was more than a few sentences long. In early August 1978 when the Shah pledged that the forthcoming Majles election would be completely free and when Sharif-Emami introduced a number of wide-ranging reforms a month later, the question of the ability of the government to carry out this policy, without losing control of the country should have been sharply raised. These measures and this problem were of course overtaken by events, but since this was not known at the time we do find it surprising that they did not receive more attention. By early September the new political parties were allowed to form, the government sponsored Resurgence Party was allowed to collapse, free debate was permitted in the Majles and the press was allowed to print what it wanted. These were enormous changes. []

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7. Field reporting was skimpy on these questions. The Embassy's reporting did not express concern that the Shah was moving too fast or unleashing forces he could not control,* and it provided little information on which the opportunities and dangers of the program could be evaluated. It occasionally worried that the Shah's inexperience with this kind of endeavor would lead him to commit tactical errors and appear indecisive (Tehran 4836, 21 May 1978, []) and as the unrest and reforms picked up speed in mid-September it felt the "Critical question . . . is how fast GOI can move to implement [Sharif-Emami's] program and convince fence-sitters and oppositionists that GOI is serious about political freedom and social justice." (Tehran 8659, 11 September 1978, []) also see Tehran 9157, 21 September 1978, [] Thus the Embassy felt both that the way out of the difficulties lay in the Shah's pushing ahead and that halting the liberalization would incur high domestic and foreign costs. But partly because of its lack of contacts with non-elite groups, it could say little about how the program would be received. It seemed to assume that the Shah had broad support throughout the country and that many of those who had doubts about the regime would be won over by a degree of liberalization which would show them the Shah was moving in the right direction.** []

8. In 1977 Embassy reporting had been skeptical about how much the Shah would liberalize because it thought "this could only be done if it is perceived that [greater] opposition is safely manageable in security terms, and that the system is stable enough to afford what the Shah calls the

**On 1 June the Embassy noted that "There is little reason for us to doubt the Shah's commitment to liberalization. . . . It is obvious, however, that he is having trouble keeping Pandora's box only partly open." (Tehran A-80, 1 June 1978, []) Similarly, in mid-August the Embassy pointed out that "The Shah is on a tight rope--trying to minimize violence while channeling political conflict into electoral realm." (Tehran 7882, 17 August 1978, []) While this set the general problem well, the rest of the cable, which offered acute comments on a number of topics which are quoted in other sections of this report, did not add much information or analysis.* []

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'luxury of dissent.'" (Tehran Airgram A-124, 25 July 1977, C) As the Shah moved much further and much faster than anyone had expected, no one returned to this common-sense analysis. The Shah had previously felt that much milder reforms were incompatible with the security of his regime. Why would they not be terribly dangerous now? How could the Shah reconcile a high degree of liberty with the maintenance of much of his power? The Embassy's reports did not address the question of whether the Shah could win out in a free political struggle, although the sections quoted above imply an affirmative answer. Similarly, the Embassy reported former Prime Minister Hoveyda's prediction that "nearly two-thirds of current Majles [of 268 members] could be re-elected in an honestly free election." (Tehran 9689, [] 5 October 1978) []

9. []

[] INR's view seemed a bit less sanguine: "if the June 1979 elections are substantially free... the opposition probably will do relatively well. The Shah's power will be further eroded." (Footnote to Iran NIE submitted by State, 11 September 1978, []

[] Thus elections could hand him a defeat no matter how they went. NFAC did not address the issue of the Shah's ability to withstand free elections; the elections were scheduled for June 1979, and NFAC's analysis was directed at the immediate future. []

10. The Shah's basic dilemma was illustrated by one minor incident that the Embassy reported. In late September Sharif-Emami's government proposed to grant to universities a degree of autonomy, much more than they had enjoyed in the past and more than anyone would have dreamed possible six months earlier. But this did not bring calm to the campuses: "Initial reaction of some

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faculty has been fairly stiff criticism . . . and a determination to push for real autonomy. . . . Contrary to earlier-expressed GOI hope that if bill were being reviewed when school opens this would help quiet things down, it now appears that unless GOI is willing to make real concession on autonomy now, it will have left major issue on table which can be easily seized upon by those who wish to provoke demonstrations." (Tehran 9366, 27 September 1978, []) A month later the government was forced to promise reforms so extensive that the Embassy noted that if they were carried out "Iranian universities will be more independent than American universities or those of most other democratic countries." (Tehran 10384, 24 October 1978, []) The obvious question was whether this process was going to appear in many other contexts. []

11. The Station provided only two reports on the liberalization issue, but they are quite informative ones. In one, [] said that the combination of martial law and political liberalization had been very effective in "shifting the venue of dissent away from the streets" and into normal channels. The willingness of the government to permit dissent in the Majles and mass media "has done much to prove the government's sincerity, and acts as an important 'saftey valve.' . . . [M]uch of the sense of crisis built up over the past months has abated. There is a valid prospect for a stable but generally orderly society moving toward significant political and economic reform."* []

[] The second report, [] was much more pessimistic. Whereas the first [] saw martial law and liberalization as working together to curb violence and promote legitimate dissent, the second saw them as posing "an intricate dilemma" which would bring down the government. To proceed further with the anti-corruption program, for example, would be to implicate many high officials. But to curb it would be to show that the reforms were hollow. []

**A milder version of this argument was voiced by the Embassy during an earlier period that tried to combine liberalization with a firm hand--see Tehran 4526, 12 May 1978, [] and Tehran 4583, 14 May 1978, C). []*

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12. NFAC analysis was alert to the general problems posed by liberalization quite early and generally not only did a good job of summarizing the reports from the field but also adopted a slightly more pessimistic--and more accurate--view than the Embassy. But NFAC production was not thorough, penetrating, or sustained. It stayed too much on the surface of events, in part because of the pressure to report the latest developments, and did not come to grips with the basic problem of whether the Shah's dictatorial regime could safely permit a high level of political freedom. Part of the explanation is that the pace of liberalization was fastest after late August and by this time so many things were happening that the analysts had to carefully ration their attention. The demonstrations, strikes, and riots were more pressing and had to be reported. []

13. As early as 10 February 1978, [] noted an aspect of the problem when he analyzed the protests of the month before:

Such demonstrations have been encouraged by the recent worldwide interest in human rights and by the somewhat more lenient policies the government has been attempting to follow as a result of foreign criticism. The government--and therefore the Shah--is in something of a dilemma. If it permits its most basic programs to be challenged, demonstrations will continue and probably intensify; if it meets such demonstrations with force, it can be accused of suppression of civil and religious liberties. Short of capitulation there is probably little that the government can do to mollify most of its opponents. [] 10 February 1978,

[] Also see "Iran: The Shah's 'Hundred Flowers' Campaign," [] 14 September 1977, []

14. When the Shah continued the new policy of allowing public criticism of his regime and tried to cope with the winter and spring riots with as little bloodshed as possible, Oney noted that "The new line of tolerance of dissent adopted by the Shah presents the security forces with the problem of how to control public disorder without

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resort to the harsh measures of suppression that have been common--and effective--for the last 15 years." []

[] 7 April 1978, [] After the announcement that the Majles elections would be free, Oney pointed out that:

The Shah is taking a calculated risk. Just as his more liberal approach to dissent in the last two years has resulted in violent demonstrations by those hoping to force more concessions from him, so the promise of free elections is likely to produce new political ferment. . . . His success will ultimately depend on the willingness of a generally irresponsible opposition to forego violence in exchange for a legal political role. . . . The next year in Iran could, like 1906, 1941, and 1953, be a turning point in Iranian history. Sinbad, the Persian who let the genie out of the bottle, was never the same afterwards. []

[] 9 August 1978)

A shortened version of this memo which ran in the NID the next day omitted the last two sentences. []

15. But after this, NFAC production said little about the consequences of liberalization. On 11 September 1978 the NID reported that the imposition of martial law had not weakened the Shah's commitment to liberalization [] and on 14 September the analysts made the important point that "The radicals are portraying both the Shah's liberalization program and his recent concessions to the religious community . . . as a reflection of his weakness.

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They argue that they must now exploit this by demanding further and more extensive concessions." [] 15 September 1978) This paralleled the observation in the NID two weeks earlier that "The Shah's appointment of a new cabinet [headed by Sharif-Emami] could be interpreted by some Muslim clergymen as a capitulation to their demands. This could encourage Muslim leaders to push for further political concessions, such as the right of the Muslim clergy to veto Parliamentary legislation--something the Shah is certain to reject." (NID, 28 August 1978, [])

[] These articles pointed to a dynamic process which the Shah would not be able to control and indicated why limited liberalization was not likely to succeed. But this was never stressed or treated in more detail and depth. The strength of these forces was not compared with those that were conducive to a peaceful solution and the potential clash between the Shah's desire to liberalize and his willingness to use force if the protests got out of hand (see below, pp. 72-74) was not noted.* []

16. On 16 September the NID argued that the combination of martial law and political liberalization might be effective when it presented a cautious version of the first of the two station reports discussed above, and included the important reservation that the clergy still showed no willingness to negotiate. []
16 September 1978) []

17. []

**In this same period, INR's proposed footnote to the draft NIE put the problem more sharply: "The conflict between the liberalization program and the need to limit violent opposition raises serious questions about the Shah's ability to share power and to maintain a steady course in his drive to modernize Iran." (11 September 1978, [])*

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18. Little attention was paid to the ability of the radical opposition to create sufficient unrest to make it difficult for the Shah to avoid halting liberalization and establishing a military government, as he eventually did in early November. The desire to prevent this outcome was mentioned in a field report as one reason why the moderates opposed large demonstrations during Muharram (the especially important religious month beginning in early December), []

[] and an Embassy cable in October noted the danger that even if the religious groups reached an agreement with the government, other elements might continue the unrest. "The government would [then] have to face up to continuing disturbances whose forceful repression might involve bloodshed--and thus force the religious leaders back on the warpath to preserve their position with the population." (Tehran 10061, 16 October 1978, [])

19. When NFAC analysts returned to the dilemmas of liberalization in late October, they sounded the same themes they had a month earlier: "The political liberalization [the Shah] once thought would mark the final stage of his labor now seems instead to signal the beginning of a greater task." [] 20 October [] "The Shah believes he must demonstrate to moderate opponents and politically aware Iranians that he has abandoned one-man rule and intends to build a liberalized government based on consent. At the same time, his critics must be persuaded that the Shah has no intention of stepping down and that further civil disturbances would serve no useful purpose." (NID 23 October 1978, []) The problem with these statements is not that they are wrong, but that they should have been made earlier and formed the beginning of the analysis, not its end. The question of whether the Shah could survive, let alone prevail, in a relatively free political climate was never addressed. Indeed it was never even posed sharply enough to alert

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others to its importance.* Similarly, the possibility that the Shah's commitment to continued liberalization might either make it harder for him to crack down or indicate a frame of mind which would not turn to repression was not noted. []

Conclusions and Evaluation

20. It seems in retrospect that had the situation not developed into a crisis in October and November, the attempts to carry out the announced liberalization would have led to the development of greater domestic opposition. For the Shah to have cracked down would have become increasingly difficult and costly; for him to have allowed the process to continue would have undermined his power to rule and even to reign. Even without hindsight the problem was great enough to have called for much more attention and analysis. The 1961 NIE, "Prospects for Iran

*The proposed NIE did not help much. One of the principal judgments of the final draft of the long version was that "Popular reaction to the Shah's liberalization policies . . . will provoke greater dissident activity and attacks on him." Its five-page section on "The Shah's Liberalization" can be faulted less for its optimistic conclusion ("His program of liberalization is not likely to be derailed by the protestors . . . ") as for its lack of sustained argument. (6 September [])

The IIM pointed out that in order to survive, the Shah must expand "public participation in the political process" and "exercise sufficient authority to discourage those who . . . attempt to challenge the regime" and noted that "The dilemma facing the Shah is that these two courses of action conflict to a great extent," but drew no conclusions. (29 September 78 []) The thrust of the draft of a shorter NIE was similar. (22 October 1978 [])

In another section, the IIM stated that "Iranians have a generally negative attitude toward government and tend to yield to the political will of others only when greater authority is manifested. Thus, lenience by the government can be more destabilizing in Iran than a show of force." [] []

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21. Five factors seem to account for the deficiency. First, information from the field was not particularly good. The analysts had little to go on. Second, there was great pressure to report the latest events and, especially in the fall, many things were happening that had nothing to do with this issue. From mid-year on the analysts had to deal with a steadily growing volume of traffic and increasing demands for articles for the NID [] for memoranda, and for briefings. Furthermore, the analysts felt that it would serve no purpose to discuss a problem that would not demand the consumers' immediate attention for several months. In their view, a month or two before the elections would have been the time to treat the issues. Third, many of the dilemmas of liberalization were not unique to Iran but could have been well approached by an appreciation of the process as it was attempted in other autocratic states. The analysts, however, were not experts in such general problems. Their expertise was on Iran and similar countries. Yet there was little in the detailed facts of what was happening to provide adequate guidance. Analysts or scholars who were familiar with other countries' attempts to liberalize might have been able to help identify the crucial issues and note indicators that would show whether the Shah was succeeding, but they were not called in because this was seen as an Iranian problem and because such consultations were not customary. (See further discussion in Process, p. 27) []

22. Those working on Iran may have shared the broadly held American view of liberalization as desirable. It is possible that this had an influence on analysis. If there was such an influence it was a subtle and unconscious one. []

23. The final, and probably most important, factor is highlighted by the reception of the optimistic station report of mid-September. This led not only to a report in the NID, but also [] and was reflected in D/NFAC's testimony before the Senate Foreign Relations Committee on 27 September 1978 in which he argued that

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much of the explanation for the apparent abatement of the crisis was the combination of martial law and new freedom of press and parliament. [] This argument was not only plausible, it was also consistent with the belief that most politically relevant Iranians wanted to modify the system, not overthrow it. It made sense against the background belief that the differences within the country were not so great as to preclude compromise. Part of the reason for the expectation that the opposition would split, discussed on pp. 79ff, was the belief that important actors wanted to preserve the Shah as a bulwark against radicalism. A similar consideration seems to have been at work here. The Shah, most Western observers felt, had done a lot of good for his country, and many of his countrymen recognized this. Thus, as late as 25 October, the Embassy was referring to the "silent majority" that favored his retention, albeit perhaps with reduced powers. (Tehran 10421, 25 October 1978, []) Since it was clear that the Shah was willing to grant many of the protestors' demands, it made eminent sense for a compromise to be struck on a major program of liberalization. This was, we think, a typically American view. (The authors differ on the extent to which such ethnocentrism may have affected intelligence production.) []

24. There is another possible explanation, and it hinges on the premise that Iranians do not compromise in the give-and-take sense, but rather that they compromise by submitting to superior power. Given the belief that the Shah was strong and that he retained the support of the military and security services, analysts may have reasoned that enough opposition figures feared that the Shah's superior power would be loosed on them so that they would opt to accept what they had already won. With hindsight, it is fairly clear that many Iranians saw power flowing away from the once all-powerful Shah and that they were more heavily influenced than observers knew than by the ultimate noncompromiser, Ayatollah Khomeini. []

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THE ISSUE OF THE SHAH'S WILLINGNESS TO USE FORCE

1. One of the crucial beliefs that underpinned the optimistic analysis of developments in Iran was the view--from which there were few dissents*--that the Shah would be able to exercise control of the situation. In 1977, Oney noted that opponents of the regime placed undue faith in student and religious protest because they looked back to relatively successful protests in the early 1960s without realizing that the Shah was now in a much stronger position. [] 27 July 1977, C) The events of most of the next year did not shake this confidence. The Embassy and the analysts thought that if there were a real and immediate danger to the Shah's regime he would clamp down effectively, even though doing so would have been costly. This view was shared by many newsmen--"Most diplomatic observers and dissidents agree that the Shah has more than enough resources to crush any serious challenge to his regime" (William Branigan in the Washington Post, 7 April 1978); "even [the Shah's] political foes agree that he still has the power to crush any major threat to his rule," (An-Nahar Arab Report, 17 April 1978). Even a Marxist opponent of the regime agreed; he argued in a recent book that the Iranian terrorists "underestimate the degree to which the repression and post-1963 boom have placed new weapons in the hands of the regime." (Fred Halliday, Iran: Dictatorship and Development, p. 243).** []

2. As the final draft of the proposed NIE put it: "The government has the ability to use as much force as it needs to control violence, and the chances that the

**Henry Precht, the State Department Country Director for Iran, apparently disagreed. But his views reached the NIO/NESA only in September and were not directly expressed to the other analysts. []*

***The inherent plausibility of this view was reinforced in the minds of at least some of the analysts by the analogy to 1963 when the Shah put down protest demonstrations by force.*

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recently widespread urban riots will grow out of control is [sic] relatively small. The limiting factors are the Shah's expressed desire to permit some liberalization and the possible fallout abroad from harsh measures. These limitations may encourage further demonstrations, but the threat of the force that the Shah has available if he is pushed too far will deter all but the most virulent opposition." (6 September 1978, [] pp. I-14--I-15) This merely formalized and restated what had been said often over the past year. As early as December 1977 the Embassy said that if student protests continued "we have no doubt the authorities are prepared to reimpose order forcefully." (Tehran 10777, 6 December 1977 []) After the Tabriz riots, the Embassy explained that it did not share the gloomy views of the US Consul because "GOI has until now refrained from using full range of social controls." (Tehran 1879 23 Feb, []) On 8 August 1978 the Embassy argued that the Shah "is thus far unwilling to wield a heavy hand unless there is no other way to proceed. This does not mean that he will not or cannot put the lid on again, because he can do so, although he would be faced with even greater problems than in 1963." []

[] Ten days later it argued that "At some point, the Shah may be forced to repress an outbreak with the iron fist and not the velvet glove if Iran is to retain any order at all. We have no doubt that he will do so if that becomes essential. . . . He is mindful of what vacillation brought Ayub Khan and Bhutto in Pakistan."* (Tehran 7882, 17 August 1978, []) Even the relatively pessimistic draft Interagency Intelligence Memorandum drafted by INR in late September declared: "Possessing a monopoly of coercive force in the country, [the armed and security] forces have the ultimate say about whether the Shah stays in power." (29 Sept., p. 9, [])

3. NFAC analysts took a similar position. On 11 May 1978 the NID concluded that "The Shah is gambling that his program of modernization has enough political support to allow him to take stern measures, if necessary, against the conservative Muslims." [] also repeated

*See section, *The Shah's Position*, pp. 108-114.

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in the NID for 17 June 1978, [] On 14 September 1978, NFAC reported that "The Shah is not minimizing the current challenge to his rule in Iran, but he seems determined to weather the storm and to keep a firm hand on the levers of power." (NID, [])

4. Those further removed from day-to-day events shared this assumption. The NIO/NESA and his assistant reported that until well into the crisis they expected the Shah to be willing and able to use as much force as was necessary to re-establish his control. The DCI noted in retrospect: "I persisted, personally, in believing . . . well into October, that the Shah had the horsepower to take care of [the opposition]. At the right time, before it got out of control, [I thought] he would step in with enough power to handle it. . . . " (Los Angeles Times, 17 March 1979) []

5. The problem with this line of argument is not that it turned out to be incorrect, but that almost no evidence, short of the most massive and disruptive of protests, could have disconfirmed it. And by the time such protests occurred, they might signal the end of the Shah's regime. The Shah's failure to crack down at one point did not show that he would not use force in the near future. Thus the first nine months of 1978 did not show that the Shah could be forced out, and indeed it is hard to see what events could have shown this, given the basic belief in the Shah's as-yet unused power. Furthermore, this view fed an underestimate of the significance of the protests of the spring and summer, since the corollary to the belief that if matters were really serious the Shah would clamp down was the inference that if the Shah had not clamped down, matters could not be that serious. (Indeed this inference may have supported the belief that liberalization would strengthen, rather than weaken, the regime.) []

6. Just because a belief is impervious to a great deal of evidence does not mean that it is wrong. This belief, furthermore, was not only inherently plausible, but had been supported both by the Shah's general history of behavior and his use of force to break up a dissident meeting in November 1977. But if an analyst does hold such a belief,

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special precautions should be taken. Not only should especially strenuous efforts be made to probe whatever evidence is available, but consumers should be alerted to the danger that information that could disprove the belief is not likely to become available until the situation has gravely deteriorated. Furthermore, analysts and consumers who are aware of these problems might reduce the confidence with which they held their belief. No matter how plausible it seemed, the fact that the belief could not be readily disconfirmed provided an inherent limit to confidence that should have been placed in it. []

Missed Warning Signs

7. There were at least a few signs that the Shah was extremely hesitant to crack down that could have been noted. They stand out only in retrospect and even had the analysts singled them out for attention at the time it would have been impossible to have said exactly how significant they were. But we think that they could have been noted if the analysts had been fully aware that their important belief that the Shah would use force when he needed to was not amenable to much direct evidence. Throughout the crisis, the Shah vacillated and used less force than most people expected. In early November 1977 the Embassy noted that peaceful protests had not incurred the "crackdown expected by many." (Tehran 9692, 4 November 1977 []) At the end of the month the Shah signaled the limits of dissent by sending a goon squad to break up a large, but peaceful, protest meeting. But restrictions were soon put on SAVAK again. Similarly, in the spring the Shah first exercised restraint, then launched "private" violence against the dissident leaders (much to the dismay of US officials), and then halted the campaign even though the unrest did not diminish. Again later in the summer the Shah showed that he was very hesitant to use force. He had to be persuaded by his generals to institute martial law in a dozen cities in September. []

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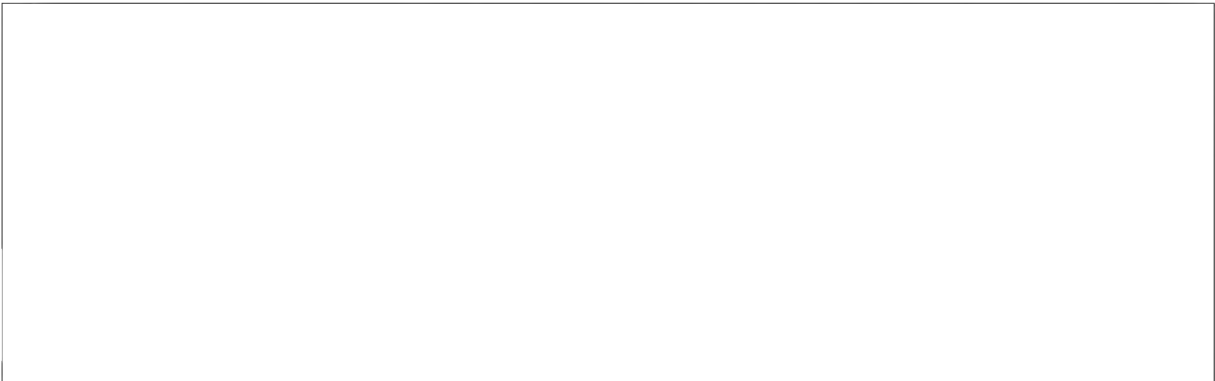
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[] None of this proved that he would not crack down at a later stage, but it could have been seen as a warning sign.* []

8. Vacillation not only cast some doubt on the expectation that the Shah would crack down, but may have been an important cause of the growing unrest. On the one hand, the repressive incidents further alienated large segments of Iranian society and probably made people even more skeptical of the Shah's professed desires to liberalize. On the other hand the concessions to the protestors and the restraints on SAVAK weakened one of the main pillars supporting the regime and, more importantly, led people to see the Shah as vulnerable. Finished intelligence noted the Shah's swings from repression to concessions, but did not point out that they might have the effect of greatly increasing the strength of the opposition. Here, as on other subjects discussed elsewhere in this report, NFAC did a better job of reporting events than of analyzing their probable causes and effects. []

9. Similarly, tension between the Shah's sustained commitment to liberalization and his ability and will to crack down could have been noted. The two are not completely contradictory since the Shah could have planned on liberalization as his first line of defense and repression as his instrument of last resort, but in many ways the two policies did not sit well together. The Shah's willingness to continue liberalization and indeed speed up its pace in the face of increasing unrest might have thrown doubt on his willingness to use massive force. []

10. Another kind of evidence might have disturbed the belief that the Shah would crack down. The analysts knew that it was the policy of the US Government to



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strongly urge the Shah not to resort to repression. This theme appeared at the beginning of the unrest in the fall of 1977 and remained, and indeed was strongest, in late October 1978 even as NFAC analysts were concluding that the Shah's survival was problematical. Throughout the period of this study, the United States had believed it possible and necessary for the Shah to liberalize. In late 1977 and early 1978 this meant a curbing of abuses by the security forces; in the middle of 1978 it meant a continuation of the trend toward more political freedom which it was expected would culminate in free elections; in the fall this meant urging the Shah to view martial law as only a temporary set-back on the road to a more open regime and strongly opposing the imposition of a military government. Although a firm hand with the violent demonstrators might have been compatible with aspects of the liberalization program (and this was often the Embassy's analysis; e.g., Tehran 4526, 14 May 1978, [] and Tehran 4583, 15 May 1978, [] there was always tension between these two policies (recognized in Tehran 7882, 17 August 1978, [] a tension that increased with the size of the unrest. By the late summer it is hard to see how a crack down widespread enough to have been effective could have co-existed with liberalization. (This view was not universally shared, as can be seen by the reports discussed in White Revolution, above.) []

11. In the earlier periods it could be argued that while the United States was urging restraint, this did not contradict the belief that the Shah would crack down if he needed to because the situation was not that serious and the main danger was that the Shah would overreact. But this was not true in September and October. Although it was still believed that the Shah could survive, his margin was seen as quite thin. If he were ever to crack down, it would have to be now. []

12. Of course it was not the job of the analysts to second-guess the policy-makers. But the knowledge of the policy should have led them to question whether the Shah would crack down. He might not take the American advice. Indeed, analysts may have come to believe over the years that the Shah was not greatly moved by what American ambassadors told him about Iranian domestic affairs, and US representations did not seem to have much impact in the late winter and early spring. But

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given the vehemence of the American position [] the analysts should have noted two things. First, there was strong pressure on the Shah to avoid repression even when the situation became extremely tense. Of course the Shah might crack down anyway. But everyone agreed that the Shah shared the Iranian view that nothing of significance happened in his country that the US was not involved with. The Embassy noted his frequent claims that "some people" thought the United States was behind the protests. The analysts presumably understood that much of the American role in the 1953 coup was to give the Shah courage by stressing how much we supported him. The obvious danger, then, was that the strong American representations would interact with the Shah's distorted outlook and lead him to entertain real doubts as to whether the United States was still wholeheartedly on his side and fear that he would be deserted if he used force.* Second, the Ambassador and the State Department seemed to have a very different view than that held by the NFAC analysts--the former seem to have thought that a crack down would be neither effective nor necessary. The belief that it would not be effective contradicted the basic assumption of NFAC. The belief that is wasn't necessary indicated that NFAC's assumption was irrelevant, because the contingency it assumed would not arise. NFAC analysts could have tried to find out why the State Department disagreed with them and weighed the evidence and arguments that led to a contrary conclusion. []

Events That Changed Minds

13. Two streams of events finally undermined the belief that the Shah would reassert control if and when he had to. First, the unrest grew to such proportions that

**The ORPA analysts have explained to us that although they did not pay much attention to this aspect of US policy, they would mention this factor in finished intelligence only in the context of reports concerning the Shah's reaction to American pressure. []*

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the analysts came to doubt whether repression would be possible. This did not appear in finished intelligence until November, but it seems to have been developing in people's minds from mid-October, with different people coming to this conclusion at slightly different dates.* For some, the strikes which started in early October and soon spread to the oil workers were most important. Force might be used to scatter demonstrators, but it could not produce oil. For others, the continued unrest throughout the country was at least as important, for it indicated that people would go into the streets in larger numbers, and over a longer period of time, than had been true before and sharply raised the question of whether the amount of force needed might be more than the Army could supply. []

14. The second stream of events contradicted the belief that the Shah would crack down. We have discussed this at greater length in our treatment of NFAC's analysis of the Shah's changing moods, but here should note that for some analysts, events were taken as showing that the Shah lacked the will to use what power he had. In early October the Shah was giving in to almost all the economic demands of the various striking groups and later martial law was being widely disregarded. For these analysts the crucial evidence came in a bit before that which showed that they could not reassert control even if he tried, but this still was relatively late. []

**On 11 September 1978 INR submitted a footnote to the draft NIE which said in part: "We are dubious that the Shah, in the near term, can suppress urban violence without substantial use of force. That, in turn, would further aggravate his difficulties by enlarging the circle of opposition against him and possibly calling into question the loyalty of the armed forces and security services."*

[] But this position does not seem to have been stressed or developed, at least not in material which reached NFAC. []

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the Shah which told them tht he would not crack down. For unless something in the Shah's past behavior told them that he would not be firm and decisive, they had to await direct evidence of a failure of will in his handling of the current crisis. Field reports had paid attention to the Shah's moods from the late spring on, and many of them appeared in the finished intelligence, but they were read against the background of the basic belief in the Shah's strength of character and decisiveness. Although these reports indicated that the Shah was frequently depressed (but not wildly beyond reason, given the situation he was facing), they did not unambiguously point to the conclusion that he would not ask decisively if he had to. Analysts who started with the view that the Shah was weak, on the other hand, did not need the direct evidence of his unwillingness to move against the strikes and protests of October to conclude that he would not meet the test. The NIO remembers a meeting at which the State Department desk officer said: "you've got to remember, the Shah is a coward. He ran away in 1953."* This, the NIO reports, was an unusual perception, and once he was convinced of its validity he no longer expected the Shah to survive. But if one started from the more common perception of the Shah as all the CIA analysts did, one could not be expected to change one's mind until sometime in October. []

**This statement is pithy but probably not accurate. In retrospect it appears more likely that the Shah's fundamental lack of self-confidence, noted in several NFAC papers, came to the surface again. []*

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Conclusions and Evaluation

17. In conclusion, while the belief that the Shah would reassert control if he had to was certainly plausible, at least until the fall of 1978, NFAC did not do as good a job as it could have in carefully analyzing the evidence or in alerting consumers to the fact that clearly disconfirming information would not arrive in time to give them warning that the Shah was in deep trouble. NFAC produced no papers which dealt with this question. While

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the Shah's moods were commented on, the possible implications for his deciding to use force were not drawn. The Shah's swings from leniency to repression and back again were not probed for patterns and clues to the future. Although much attention was given to whether the Shah could use force (e.g., the analyses of the army's morale), little was said about his willingness to do so. NFAC did not explore either the impact of US policy, which may have been magnified by the Shah's exaggeration of American power, or the apparent discrepancy between NFAC's analysis and that of the State Department and Embassy. []

18. We think the primary explanation for these failings was two-fold. First, the belief was shared by all NFAC analysts (at least until the early fall), was very plausible, fitted with the pre-existing view of the Shah, and so became an article of faith. Most observers outside the government also shared this view and even in retrospect it is hard to say why he did not crack down. The incentives to challenge this belief were slight. Second, it did not need to figure in the reporting or analysis of most day-to-day events. When the Shah cracked down it would be news; until then the possibility still remained open. Only when the unrest grew to enormous proportions did his restraint seem important in explaining what was happening. So the analysts' main task of dealing with the latest events did not make them look more carefully at this crucial belief. []

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SPLITS IN THE OPPOSITION

1. Another crucial belief was that the opposition would split. Before examining the evidence that was available and the inferences that were drawn, we should note that this belief was subject to the same problem as the expectation that the Shah would exercise control if things got really serious--i.e., definitive negative evidence could not appear until the Shah was on his last legs. At any previous point all that could be known was that the split had not yet occurred. Given the obvious tensions within the opposition, one could never be sure that it would continue to hold together. Indeed, expectations of such a bargain were very high in the last days of October. The point is not that these beliefs were silly or automatically wrong. Even in retrospect, we cannot tell how close the opposition came to splitting. But NFAC should have realized that the belief that a split was possible was not easily disconfirmable and alerted the consumers to the problem. []

2. Furthermore, the belief that the opposition would split did not sit too well with the companion belief that the Shah could clamp down when he needed to. Granted that one reason the moderates might split from the more extreme opposition was fear that if they did not strike a bargain with the Shah, he would resort to force (this was noted in several of October's cables), but in other ways the two beliefs pulled in different directions. Repression would presumably unite the opposition and the longer the Shah waited for the opposition to split, the harder it would be for him to repress because the unrest was growing stronger. If the Shah were torn between these two possible solutions, he might well end up with the worst of both worlds. While one could believe that the Shah would first try to split the opposition and then crack down if he could not do so, this assumes that the failure would become obvious before the Shah lost too much power or nerve. []

3. The belief that the opposition would split was widespread throughout the period under consideration. As the proposed NIE put it:

The Iranian Freedom Seekers Liberation Movement would like to become the spokesman for all oppositionists, but the disparity in basic views and personalities among the several groups makes this difficult and unlikely. Any cooperation

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probably will be limited to paper pronouncements and minimal joint activity. There is virtually no chance that the opposition can develop a joint program that is meaningful and capable of attracting popular support. (p. I-15, 23 August 1978, [])

The IIM drafted by the State Department on 29 September on "The Near Term Political Prospects for Iran" (S/NF), which generally had a more pessimistic tone than the draft NIE, took a slightly different view: "Far from a disciplined coalition, [IFSLM] nevertheless provides a modicum of coordination among the opponents of the regime. There is a perceived need on the part of each faction in the coalition to cooperate with the others." (p. 7) []

4. This view was shared by the Embassy and all levels of NFAC. [] the common belief in NFAC was that the opposition would split, D/NFAC stressed the heterogeneous nature of the opposition in his testimony before the Senate Foreign Relations Committee on 27 September 1978 (Briefing Notes, Situation in Iran [] and the DCI has said that he did not think the opposition could remain united. (LA Times, 18 March 1979; Director's Notes No. 39, 7 February 1979) []

5. There were several ways in which the opposition might have split--e.g., among factions in IFSLM (an umbrella group for all 'political' opposition), between political and religious opposition, between moderates and extremists in the religious establishment. While the first two are not unimportant--one major opposition political figure became PM in December 1978--the 'political' opposition did not have the numbers or the strength to affect the Shah's position on its own. The following discussion concentrates on what became the key issue, i.e., the split that the Shah wanted to bring about in the religious leadership and, consequently, in its following. Such splits were, as we understand it, not uncommon in modern Iranian history. []

6. The Embassy's basic rationale for the expectation of a split was put in a cable of late May:

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The majority of religious leaders . . . have found it useful, or necessary, to join the extremists managed . . . by Ayatollah Khomeini, but their motivation is different from his. Unlike Khomeini, who makes no secret that his intention is to overthrow the Shah . . ., these leaders have more limited aims in mind. Chiefly, they wish to call attention to their grievances. As long as the government was paying little attention to them, they had no reason to withhold support for Khomeini. Now there are indications that the government is beginning to listen. . . . Since many of these religious leaders see the monarchy as a necessary institution which helps protect Islam against communist challenges, and no alternative to the Shah is apparent to anyone, they probably are prepared to be reasonable and settle for a rational, responsible attitude on the part of the government without any major changes in institutions. Rather, they hope for a more understanding application of laws and regulations and a greater, more public recognition of the continuing importance of religion in Iranian life. (Tehran 5131, 20 May 1978, [])

An airgram of 1 June made a similar point:

The Embassy's soundings among religious leaders suggest an underlying basis of loyalty to the Monarchy and to the independence of Iran as the Shah envisions it, but increasing unhappiness at the breakdown of communications between the religious leadership and the Shah . . . He is attempting, therefore, to open better channels to the religious leadership and will doubtless act on some of their complaints. If done deftly, this should go a long way to assuage them and lead to a breakdown of opposition unity. (Tehran A-80, 1 June 1978 [])

Slight variants of this analysis were to be central to the Embassy's views until the end of October. This view was certainly plausible and probably contained a large measure of truth, but because of the scarcity of contacts with the religious-based opposition, it had to strongly rest on indirect inferences and second-hand reports and so should have limited the confidence that was placed in the conclusions. []

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7. NFAC's basic analysis of the religious community, conducted before the current crisis, is compatible with the Embassy's perception but put much more emphasis on their opposition, stressing that "the Moslem clergy are among some of the Shah's fiercest critics." (Elites, [] February 1976, [] p. 43)

Probably no more than 10 percent of the clergy . . . can be counted as outright supporters of the Shah. They are probably the least influential of the clergy. . . . Probably 50 percent are in outright opposition of the government and are wholly dependent on their popular following for support; this includes nearly every religious leader of any stature. The remaining 40 percent qualify as fence-sitters, maintaining a popular following but avoiding overt attacks on the government.

The religious leaders have "their roots . . . in traditional Islam, and their constituency and support are found in the lower classes, the traditional middle classes, and portions of the modern middle class. They represent the din-e-mellat, the religion of the people as contrasted with the din-e-dowlat, the religion of the government." (Iran in the 1980s, August 1977, S, p. 35) []

8. For the sake of convenience, field reports and finished intelligence on the question of whether the opposition would split can be divided into four periods: spring and summer; late August to mid-September (the Sharif-Emami reforms and the reactions to the imposition of martial law); late September; October (the final attempt to split the opposition). Readers who wish to skip the detailed treatment of these materials can turn to page 93, for our conclusions. []

Field Reporting and NFAC Analysis

Spring and Summer

9. In the spring and summer of 1978 some evidence appeared that supported the view that the opposition coalition was fragile. It seemed generally agreed that Shariat-Madari personally opposed violence []

[] and at times he and his followers

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opposed demonstrations that were likely to become violent (for an example, see the report in Tehran 7890, 17 August 1978, [redacted] also see Tehran 961, 26 January 1978, [redacted] There was also a report that "Shariat-Madari and his supporters have increased their dislike for Khomeini until it borders on hate because pro-Khomeini groups are blackmailing Shariat-Madari supporters by threatening to shut down or burn their shops in the Bazaar." (Tehran Airgram A-105, 1 August 1978, [redacted] Furthermore, a confidant of the moderates said that "The IFSLM has been 'reluctantly' impressed by the recent liberalizing moves of the Shah." [redacted]

10. But in the period there were even more discouraging signs. Even though Shariat-Madari had "a reputation for having supported the government in the past" [redacted] he sent an open letter to the Shah protesting the Qom killings that started the cycle of unrest, [redacted] gave an interview to foreign correspondents in which he made an "open (and unprecedented) public refutation of government statements," (Tehran 961, 26 January 1978, [redacted] and was said to have rejected the government proposal that he "cease supporting . . . Khomeini, in return for which the government would be prepared to go to considerable lengths to meet the demands of the religious leadership" [redacted] and did not oppose Khomeini's call for a "politicized" celebration of the 12th Imam's birthday on 21 July (Tehran Airgram A-105, 1 August 1978, [redacted] On 4 March the Economist noted that because Shariat-Madari was "thought by many to be so moderate and apolitical that he was counted as a tacit government supporter," and everyone was surprised when he took a stance highly critical of the government. [redacted]

11. Perhaps what should have been more disturbing were the references not to Shariat-Madari's immoderate actions, but to his lack of power. One report noted that while he opposed violent demonstrations, "he does not have a personal following of any significance." [redacted] While this is clearly an overstatement, [redacted] said that "Khomeini retains an almost mystic respect of mass of illiterate population and Shariat-Madari feels that he cannot differ to a significant degree with Khomeini in public." (Tehran Airgram A-105, 1 August 1978, [redacted]

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[] At this point the Embassy commented: "We are not sure just how independent Shariat-Madari actually is." In the same vein, on 14 August 1978 the Embassy reported that the Shah said "extremists were able by their threats and harassment to create a sense of fear and uncertainty among the majority of religious leaders who then remain silent or at worst go along with extremists for self-protection." (Tehran 7700, 14 August 1978, [])

12. As early as 25 May, the Embassy noted that Shariat-Madari had disputed a BBC report that he and his followers had entered into talks with the government and "issued letter denying that he has met with government representatives, stressing the complete sympathy of the Iranian people with their clergy, and noting that there are no policy differences among the Moslem ulema." The Embassy concluded that "sensitivity with which both sides have viewed BBC leak . . . suggests that both are approaching subject seriously." (Tehran 4988, 25 May 1978, []) It also could have suggested that Shariat-Madari was fully aware of how unpopular the Shah was and how dangerous it would be for him to appear to be less adamant than Khomeini. We do not want to argue that the evidence at the time proved that the latter interpretation was correct, but that it represented an alternative view, which was most accessible if one started from the perspective outlined on pp. 94-95 that should have been aired. []

13. The occasional warnings culminated in an Embassy cable of mid-August which deserves to be quoted at length:

Moderates such as Ayatollah Shariatmadari do not at this time feel capable of opposing Khomeini openly, though they reportedly still work for moderation within the religious movement and would doubtlessly welcome a chance to participate in an electoral process which might not leave them wholly subservient to Khomeini, who remains outside the country. In Shia Islam there is no institutionalized hierarchy: A religious leader attains his prominence by consensus within his parish. Some of the violence we are witnessing here results from a fervid competition for eminence by the ayatollahs, moderation apparently does not beget followers

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from the workers, small shop keepers and artisans at this time. A tradition of throne/opposition dialogue does not exist in Iran, and neither temperament nor tradition favor western concepts of political conciliation and brokerage.

.....

The earlier efforts to establish a dialogue with the more moderate leaders were not pursued with much vigor and the objective of splitting the religious leadership has simply not worked so far. Part of the reason for this latter failure has been the threats and harassment of the moderates by the well-organized Khomeini fanatics; also, as noted earlier, no ayatollah wishes to lose his followers by appearing soft. Furthermore, the Amouzegar government (as opposed to the Shah and the court) has proved surprisingly inept at dealing with religious elements on anything other than a take it or leave it basis.

If our general assessment is valid, the Shah has to find a way to open serious give and take with the so-called religious (and some political) moderates (this will be hard to swallow because of his utter disdain for "the priests"). We should realize at the outset that this may ultimately prove impossible because of their ultimate demands (as opposed to what they might accept as a part of an on-going process) would mean religious control of the government and reduction of the Shah to a constitutional monarch. The Shah would never accept the first and would see the latter emerging only in the context of rule passing to his son. (Tehran 7882, 17 August 1978, [])

These comments, both on the moderates' goals and on their power, were never refuted by later Embassy reporting. The evidence provided was not conclusive, of course, and later events might lead the moderates to be willing or able to play a more independent role. But by mid-August they had not done so, and there appeared to be good reasons why they would be very cautious about breaking with Khomeini. []

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14. Throughout this period, NFAC analysis made few comments on these questions. Although [] paper on the religious-based opposition on 10 February talked of the differences within the religious community, the government at that time was not working to divide the religious leaders and so it did not address the possibility later envisaged by the Embassy. In early June, [] briefly returned to this subject, implying that a split was possible: "Too little is known of factionalism among the clergy to be certain, but it is likely that a considerable number of them, while unenthusiastic about the regime, would prefer not to confront it and risk greater losses in position and power than has already been the case." [] 2 June 1978, [] The Embassy and station reports summarized in the last paragraphs were not covered in finished intelligence and there was no discussion of whether the opposition could be split, what the moderates' goal were, and how independent they could afford to be. With the exceptions cited above, NFAC products in the spring and summer referred to the religious community as though it were united. In some cases this may have been done in the need to keep the analysis brief (e.g. NID, 10 Aug. [] although even a longer NID report on 17 June, "Iran: Increase in Religious Dissidence," does not mention any split between Shariat-Madari and Khomeini. []

Late August - mid-September

15. When Sharif-Emami took office as the Prime Minister in late August, he made a number of concessions to the religious groups (e.g., returning to the Moslem calendar, closing gambling casinos, removing Bahais from positions of power). But instead of being conciliated, the religious leaders

**Ironically, part of the closing paragraph of this report proved more accurate than later analyses: "Emissaries of the Shah are in contact with religious leaders, and they may reach some understanding on the need to curb further violence. There are, however, many obstacles in the way of a durable political compromise between the Shah and his conservative Muslim opponents, who believe that reforms instituted by the Shah and his father threaten the future of Islam in Iran." [] Similarly, on 10 May the NID said that "There appears to be little room for compromise between the Shah and his conservative Muslim opponents." [] But neither on these occasions nor later was it clear whether the bulk of the opposition was seen as falling into that category. []*

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issued a string of demands. The Embassy's comment was the "clergy have been slow to react positively, but historical background of their ties with GOI would not encourage optimism under best of circumstances. . . . Competition among local religious leaders . . . is not conducive to cooperative posture with GOI." (Tehran 8351, 31 August 1978, []) Other lists of religious demands are in Tehran 8548, 7 September 1978 [] and Tehran 8485, 6 September 1978, []. This, however, did not really address the question of whether the earlier expectation that the opposition would eventually split still held. []

16. Events in early September, before the imposition of martial law, continued to provide both encouraging and discouraging signs although, at least in retrospect, the latter predominated. The report that the moderates could not exercise restraint, partly because the Shah had made so many concessions "as the result of mob terrorist activity" [] was consistent with the refusal of Shariat-Madari to negotiate with the new Sharif-Emami government. (Tehran 8485, 6 September 1978, []) But both these reports also carried some optimistic news. Tehran 8485 noted that while Shariat-Madari publicly said he and Khomeini were in complete agreement, "in other contacts Shariat-Madari is much more cautious and leaves room for eventual differences of opinion." And the source which said that the moderates could not now exercise restraint also noted that "Moderate opposition leaders are afraid that the temper of the country is such that further violence . . . threatens the entire course of the movement toward representative government." []

17. At this point finished intelligence began referring to the religious moderates and implied that the Shah's strategy was to separate them from the extremists by making reasonable concessions. (See the NID for 28 August 1978 [] and 30 August [] and the Weekly Summary of 1 September, []) But it also pointed out that previous attempts to do so had failed (NID 30 Aug., []) and concluded that while "some moderates may be satisfied with the Shah's recognition of their importance, the more militant of his religious critics . . . will be mollified by nothing short of his abdication." (Weekly Summary, 1 Sept. []) A few days later Oney argued that although "the new prime minister is optimistic about his main task--to try to find a modus vivendi with the clergy . . . --the only clerical reaction has been to demand more

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concessions." [] 7 September 1978 [] The implications of this perceptive remark were not noted and the moderates ability to break with Khomeini if they wanted to was not discussed, a serious omission in view of the fact that the purpose of the Shah's appointing Sharif-Emami's reform cabinet was to strike a bargain with them. []

18. The imposition of martial law and the killings of 8 September turned attention away from relations within the opposition, although when Sharif-Emami announced his program to the Majles, the Embassy implied that, while the moderates had not yet been won over, this remained a real possibility if the GOI carried out an effective liberalization program. (Tehran 8659, 11 September 1978 []) This seemed to be the view at every stage. As we noted earlier, almost no evidence could disconfirm it. Furthermore, neither the Embassy nor the analysts noted that the government concessions, although not sufficient to win over any of the opposition, were massive by standards of only a few months earlier. In the spring, no one would have thought that the Shah would have gone as far as he did and, more importantly, most observers probably would have predicted that the sort of concessions which were made in August and September would have satisfied a large segment of the opposition and brought about the split which observers were anticipating. Thus the relatively luke-warm response to the concessions should have suggested either that the moderates would not be won over by anything the Shah could be expected to do or that they had little power and could not afford to be seen as opposed to Khomeini, a conclusion suggested by the reports quoted earlier. In either case, doubt would be cast on the belief that the opposition would split.

[]

19. In this period the finished intelligence had more to say on the issue than it had previously. But the analysis was a bit thin in both quantity and quality. On 14 September the NID discussed the issue more fully than it had in the past, and for that reason we shall quote all the relevant sections:

Responsible opposition leaders, religious and political, will have to show a greater willingness than they have thus far if they are to accommodate the Shah's efforts to reconcile critics who want a greater voice in setting the pace and direction of

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national policies. The bloody events in Tehran on Friday will make it more difficult for moderate opposition figures to rein in demonstrators and forestall radicals who call for the Shah's ouster. . . .

The divisions within the religious and political factions of the opposition will hamper the efforts of Prime Minister Sharif-Emami to begin negotiations with more responsible critics of the government. Moderate opponents who may be inclined to open a dialogue with the Prime Minister will be anxious not to be outflanked by radicals who will denounce their "capitulation" to the Shah. []

The Weekly Review added that cooperation from the moderates would be extremely important--"cooperation that, thus far, the moderates have refused to provide." (15 September 1978, [])

Similarly the NID of 16 September pointed out that "muslim clergymen . . . still show no sign of interest in negotiating a political compromise that would give the Muslim leadership a greater voice in government policy affecting religion but would leave the Shah's ultimate authority intact." [] Two days later the NID noted that "A leading religious figure, who has been urging the people to avoid violence, vowed that he will not cooperate with Sharif-Emami, who he said is 'unfit to govern.'" []

20. In late September the relations between the moderates and the extremists received more attention from the field. In a relatively pessimistic cable, the Embassy reiterated that in the past months "the Shariatmadari clergy did not dare to let itself be outflanked on the left and lose mass supporters to the extremists," but also stressed that "the nature of the opposition is not as unified as it might appear." (Tehran 9158 21 Sept. 78, []) The Embassy did not, however, explain why the same pressures which forced the moderates to keep up with the extremists would cease operating. But a week later station reports came in which indicated that the Embassy might have been correct: Shariatmadari and other moderates:

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Have privately stated that they are very concerned by the increasingly radical nature of opposition to the Shah and his government. These religious leaders fear that this might result in 'political chaos and complete disorder,' which could prompt a Communist takeover or a military dictatorship. As a result of these concerns, these Ayatollahs are urging moderation on their followers and are actively seeking to enter into effective negotiations with the Shah. []

Another report [] ran parallel. But both these reports also struck pessimistic notes. The first said that "Negotiations have so far been hampered by the religious leaders' lack of confidence in emissaries who have already come to them from the Shah." A field comment in the second underscored the moderates' mistrust not only of the emissaries, but also of the Shah himself, noted the power of Khomeini over the moderates, and concluded that "Some of the moderate religious leaders' demands are in all probability unacceptable to the Shah . . . [I]t is uncertain what actions by the government would constitute an acceptable program for the religious leadership." []

21. These reports were summarized in NID [] of 29 September, which, partly because of the order in which the paragraphs were placed, emphasized the optimism. The bold-faced lead paragraph in the NID stated: "Important religious leaders in Iran are anxious for an accommodation with the government in order to solve the political crisis." Later on came some pessimism--"the two sides are still far apart." []

[] Of course it had appeared, although without emphasis or elaboration, in the NID of 14 September quoted above, but since these reports, if true, would remove many of the grounds for optimism, they deserved more thorough analysis. At minimum, the consumers should have been warned that the moderates' desires for a settlement might be irrelevant. Given the paucity of the information available, perhaps this was all that could have been done. []

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22. In mid-October hope for reconciliation between the government and the moderates increased. It rested on three not entirely consistent considerations. First, National Front leaders were reported to be increasingly anxious for a settlement and offered to try to bring religious leaders, including Khomeini, along if the Shah made suitable concessions.

[] [] Second, there were some indications that Khomeini might sanction the moderates' attempts to deal with the government (although the Embassy noted that "our reading of the Khomeini published interviews out of Paris does not lead us to fully share [National Front] source's optimism that Khomeini may be willing to go along with local leaders." (Tehran 10281, 22 October 1978, []) Third, shortly after the Embassy reported that "Source close to moderates had told us there would probably be public evidence of break between Shariat-Madari and Khomeini within next week," (Tehran 10059, 16 October 1978, []) complex talks between Khomeini and the moderates and the moderates and the government seemed to be starting. On 22 October the Embassy made the important point that the moderates "have begun to lower their apparent ambitions. While two or three weeks ago, many of these politicians were openly calling for the dismissal of the Shah, most of them now quietly state that they accept the need for the Shah's continued leadership, albeit within the framework of a democratic, constitutional society. These same figures have also begun discreetly to disassociate themselves from Khomeini and to urge restraint upon the mullahs." The reasons were the growing fear that a military government would take power if the unrest continued and the "greater sense of self-confidence" on the part of the religious moderates, who "are in the process of negotiating an understanding with the government, which would entail their allegiance to the Shah." Furthermore, the moderates had more room to maneuver because "the Khomeini star seems to be waning." (Tehran 10267, 22 October 1978, []) This report was consistent with the earlier conversation with a representative of Shariat-Madari in which he "confirmed what we had been told previously by others: moderate religious leadership respects Sharif-Emami and appears ready to work with him despite problems engendered by martial law. . . . We have somewhat more doubts about moderate leaders' ability to bring Khomeini aboard, but suspect merely muted opposition which would give moderates a breathing space would be satisfactory." (Tehran 9904, 11 October 1978, []) This seemed also to be Sharif-Emami's view, since he said he was close to a deal with the moderates and that Khomeini was going to "remain quiet." (Tehran 9990, 15 October 1978, [])

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23. The one discouraging note was supplied by a SAVAK official who stressed that the negotiations "cannot reach a successful conclusion as long as religious leaders fear the adverse reaction of Ayatollah Khomeini to any agreement which permits the retention of the Pahlevi dynasty. . . . SAVAK is convinced that moderate Ayatollahs desire an accommodation with the government which will defuse the present tense situation. However, these Ayatollahs know that they will be deserted by their followers, if after an agreement is reached Ayatollah Khomeini condemns it." []

[] also see Washington Post, 29

October.) []

24. The NID [] generally mirrored these reports. On 14 October [] said that Sharif-Emami was "making some progress in his negotiations with moderate religious leaders." The "moderate opponents now realize that the radical actions to which they had contributed might trigger a complete collapse of governmental authority." [] also see [] (20 October) A week later the NID reported that "The Prime Minister seems confident that he can reach a modus vivendi with moderate clergymen that will isolate extremists led by Ayatollah Khomeini," an expectation it neither endorsed nor contradicted. (23 October, [] A few days later the NID told of a tentative agreement between Sharif-Emami and the moderates, although it pointed out that "a number of pitfalls . . . could wreck chances for restoring stability." The report concluded cautiously: "Emissaries of the moderate opposition are trying to persuade extremist religious leader Khomeini . . . to drop his demand for the Shah's overthrow and accede to the accord. The chances seem bleak in view of Khomeini's implacable opposition to any compromise with the Shah. The moderate opponents therefore will probably be forced either to formalize a split with the extremists or to repudiate the fragile accord with the government." (26 October, [] On 31 October, the NID [] reported that the latter course of action had been chosen. []

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Conclusions and Evaluation

25. We do not think this issue was treated well in the finished intelligence. At best it summarized the reports from the field and did so--to its credit--often with a slightly pessimistic tone. But until mid-September it did not even do this very well. As early as May the belief that the Shah could split the opposition was one of the main pillars supporting the conclusion that he could weather the storm. Yet NFAC finished intelligence said almost nothing about this until September. The Embassy cable of 17 August which questions the ability of the moderates to break with Khomeini did not make its way into finished intelligence.

26. In the spring this subject received little attention because the analysts concentrated on explaining the general causes of the unrest, reporting the disturbances as they occurred, and discussing the danger that the Shah might use excessive brutality in an "overreaction." Furthermore, no finished political intelligence was produced in July, although work continued on the proposed NIE. To the extent that relations among opposition groups seemed important, analysts drew attention to the improbable "alliance of convenience" between the moderate left (National Front) and the religious right. (NID, 17 June 1978,) The question of whether the latter community itself would split took on most significance only after it became clear, first of all, that it was supplying the bulk of the support for the protests, and, second, that the Shah felt the situation serious enough to require concessions to the religious moderates. Nevertheless, NFAC was a bit slow to see the importance of this question. The analysts have explained to us that they wrote the items as they did because the moderates and Khomeini were in fact working together during this period. This strikes us as an example of the unfortunate tendency (noted in the Process section) for NFAC product to report on specific events at the expense of in-depth and analytical treatment of the questions which are believed likely to strongly influence future developments.

27. After late August finished intelligence not only summarized the latest reports, but was more pessimistic and more accurate than most other observers. Nevertheless, problems remained. The articles left important parts of their messages implicit. They did not point out that much of their

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reasoning undercut the common optimistic assessments, conclude that an agreement between the government and the clergy was unlikely, or point out that the Shah might soon face the choice of repression or abdication. This was, perhaps, a matter of style and norms--analysts have been conditioned over the years to keep as close as possible to the facts rather than draw out the implications which consumers can do for themselves. Furthermore, the analysts were aware of the relatively optimistic reports from the field and understandably felt restrained by the possibility that the field was correct. NFAC products can be faulted for not clarifying the lines of argument, noting any inconsistencies, or pulling together the existing evidence (which here, as on so many other points, was not extensive). The issues were not posed sharply enough or treated in sufficient depth. It did not take hindsight to see that what was crucial was both the desires and the independence of the moderates. Neither point was singled out for special attention. For example, the reports that the moderates had responded to the Shah's concessions by making greater demands were noted, but their significance was not probed. The validity of the reports that the moderates felt that they could not agree to anything that Khomeini opposed were never denied, but neither did the analysts explain how, if they were true, conciliation was possible. These reports seem to have had little impact.

[] [] Similar reports had been received since mid-August and even, in muted tones, in the spring. This is not to say that the evidence was so overwhelming that the analysts should have automatically accepted it. But there should have been a probing of the reports that the moderates could not move on their own and a discussion of why and under what conditions the moderates might break with Khomeini and whether they could maintain their power if they did. []

28. Furthermore, there was no analysis to support the implicit assumption that if the moderates did break with the extremists, the latter would not be willing and able to continue violent protests, thus probably making the government

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respond with force and putting the moderates in an untenable position. (A variant of this danger is noted in Tehran 10061, 16 October 1978, [] Indeed little was said to substantiate the belief that the moderates were numerous enough to be an important force on their own. In the spring and early summer this view seemed quite plausible, but by late summer and early fall as the protest grew in size and intensity a good deal more evidence should have been required before the analysts accepted the conclusion that an agreement with the moderates, even if possible, could have saved the situation. D/NFAC implicitly questioned this belief in his testimony before the Senate Foreign Relations Committee of 27 September when he noted that the religious moderates were much less numerous than the extremists. But the NID item of 29 Sept. [] and much of the discussion of the negotiations between the moderates and the Shah in mid and late October implied that the actions of the moderates could be decisive. []

29. It was also unfortunate that finished intelligence did not address the question of whether the Shah could survive if the opposition remained united. If the answer had been that he could not have, more attention might have been focused on the relations within the opposition. An additional benefit would have been to illuminate the relationship between the expectation that the opposition would split and the belief that the Shah would crack down if he had to. []

30. No definitive answers were possible, but a more thorough weighing of the evidence and a more penetrating analysis of the problems were. Here as at other points the felt need to report daily events seems to have distracted NFAC from analyzing the fundamental problems. []

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THE RELIGIOUS OPPOSITION

1. It is ironic that a misreading of the appeal of the religious opposition was one of the major problems with NFAC's analysis. The person who placed the greatest stress on the importance of the religious groups was NFAC's senior Iranian political analyst. He had an extensive knowledge of Islam, had included analysis of the influence of religion and religious leaders in his writings, and consistently called for more information. His efforts over the years to stimulate the collection of more data were strenuous []

and his awareness of the information deficiencies is recorded most recently in Elites in Iran, p. 75 [] Without this background of concern, he could not have produced the paper, "Iran: Some Observations on the Bases of Religious Opposition" [] 10 February 1978, C) which set forth the importance of the religious movement, which we shall draw on later. []

Information Available

2. Despite these efforts, the amounts of information available to NFAC on the religious establishment was slight. Non-governmental experts who may have had information were not sought out by NFAC (and it is not certain that these people would have responded). More importantly, until late summer 1978, the field paid little attention to this subject; nor had it for many years. Thus, although it was known that Khomeini was one of the most important opposition religious leaders until February 1978 the US did not know that his son had died the previous October [] and not until May that he blamed the regime for the death (Manchester Guardian, 21 May 1978), and that he had decided to make his opposition more strident and urgent. Only after the Shah fell was it reported (in public sources) that the Shah had heavily cut the subsidies to the religious groups. Similarly, it was 2 1/2 weeks before field

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reporting attributed the Qom riots to a newspaper attack on Khomeini, published at the instance of the GOI.* []

3. NFAC had a pretty clear idea of what it knew and where data was lacking--specifically information on the relative influence of the religious leaders. (See Elites, 1976, pp. 43-47, 75) Little if anything was added in the succeeding two years. NFAC knew that Khomeini, and other ayatollahs, received financial support from bazaaris, and that he supported one terrorist group financially. But his power and influence relative to other religious leaders--made progressively apparent from late summer 1978 and abundantly clear in January 1979--was not well understood by NFAC in the early stages of the crisis. Indeed, in retrospect, we still don't know how or when he achieved dominance or whether the other ayatollahs followed his lead because they agreed with him or because they feared that to do otherwise would be to lose their followings. Khomeini had been exiled in 1964 for opposing certain of the Shah's reforms, had lived in the Shia center of Najaf, lecturing in theology and jurisprudence, and had attracted a following. Khomeini consistently advocated the overthrow of the Pahlavis; the other leaders did not go so far. []

4. It can also be argued that Khomeini had achieved a position of dominance over his fellow ayatollahs long before 1978. This has been asserted in one scholarly article published in 1972** and is suggested in an Embassy Airgram as far back as 1963 (A-708 of 17 June 1964, [])

**The first Embassy report, apparently derived from the official news agency, said that the "incident occurred on anniversary of land reform legislation passed in 1963." (Tehran 389, 11 January 1978, []) A week later the Embassy said the occasion had been the "anniversary of banning of veil." (Tehran 548, 17 January 1978, []) Even when the Embassy received a copy of the newspaper article, it did not know enough about the context to properly appreciate the depth of the insults that it contained. (Tehran Airgram A-27, 12 February 1978, []) The Washington Post story on 11 January 1978 reported the cause accurately. []*
***Hamid Algar "The Oppositional Role of the Ulama in Twentieth-Century Iran," in N. Keddie, Scholars, Saints, and Sufis (U. of California Press, 1972).*

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before Khomeini was exiled. But information about him and about religion in general, virtually ceased from the mid-1960s on.* Analysts had no way, given the paucity of data, to estimate the amount of his support relative to other religious leaders. Khomeini was mentioned in the field reporting no more often than his fellow ayatollah, Shariat-Madari. A number of scholars believed that Khomeini was politically the most important of the religious leaders; we have not tried to determine whether their belief was supported by significant evidence that academics, but not NFAC, had. []

5. The field reported little about the articulated beliefs of the religious protesters. NFAC analysts had little to rely on in trying to determine the strength of religious protest; there was no data that indicated the extent to which tapes and pamphlets containing Khomeini's speeches were circulating in Iran. Analysts didn't have any information on what religious leaders were saying to their congregations. One of the cassettes Khomeini sent into Iran was obtained and transcribed, and a few of the opposition leaflets were translated, but this was not nearly enough to provide a full picture of what Khomeini and other religious leaders were advocating. Of course such information would not have told us how the leaders would behave or how many people would follow them, but without it it was even more difficult to understand the motives, beliefs, and values of these people. This was especially important because, as we noted earlier, the religious movement was inherently difficult for Western observers to understand. []

6. Similarly, although the field had noted the growth of the religious opposition long before the riots occurred (Tehran Airgram A-124, "Straws in the Wind: Intellectual and Religious Opposition in Iran," 25 July 1977, [] the information it provided was not detailed. Occasionally, an observation such as "we have heard . . . that religious leaders in Qom have been coordinating much religious dissident activity by messenger and telephone" (Tehran 4583, 14 May 1978, [] appears in the []

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reporting. But, NFAC did not know--and still does not know--what sort of structure and organization it had. How did people get the word of whether to demonstrate, whether to be belligerent or to treat the soldiers as brothers? When riots ensued, were the targets picked in advance? What were the relations between the religious leaders and the bazaaris? []

7. The paucity of field reporting is consistent with the basic predisposition, shared by almost every one in and outside of government, that the religious groups were no longer central to Iranian society and politics. In part this grew out of an optimistic view of modernization, discussed in a later section of this report, and in part was probably the product of the general Western secular bias. Even those outside the government who saw the Shah as weaker than NFAC analysts did not believe that the religious groups would be instrumental in bringing him down.* []

Underestimated Factors

8. In retrospect, we can identify four elements in the religious-based opposition movement that contributed to its appeal to a wide range of the public and that were not well covered in finished intelligence.

These were:

- a) attacks on the Shah for the way he was changing Iran: ignoring the mullahs; flouting many Islamic customs, denying important parts of Iran's past, and aiding the rich more than the poor;
- b) nationalism, i.e., attacks on the Shah for being a foreign (US) puppet;
- c) the "populist" tradition of Shi'ism whereby religious leaders gain and retain their authority by becoming recognized by followers as men of wisdom and piety, a circumstance that encourages them to articulate the desires of their people;

**For example James Bill, "Monarchy in Crisis," a paper done for a State Department seminar on 10 March 1978, forecast serious trouble for the Shah, but did not mention religion. And two books completed in 1978, Robert Graham, Iran: The Illusion of Power and Fred Halliday, Iran, Dictatorship and Development, each give religious opposition no more than two pages.* []

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- d) the traditional role of the Shi'ite clergy as spokesmen for political protests. []

9. Attacks on the Shah for the way he was "modernizing" appealed to a wide segment of the population. This element was described in the analysis as deriving from the view of religious leaders that modernization was undermining the hold of Islam on the people. In fact, it was more directed at how he was changing Iran. Under the Shah, and especially since the start of the "oil boom" in 1973, the income gap had increased significantly; the quality of life in Tehran had deteriorated; corruption and government favors had boosted the power and income of new groups as opposed to small merchants and bazaaris. (For a further discussion, see pp. 53-56). How much the failure to make this distinction stems from institutional pressures to use short-hand terms (see pp. 31-32) and how much from the analysts not understanding it is unclear. Certainly, they got no help from reporting sources; the Embassy [] didn't make it either. []

10. This view of the religious leaders played a large role in the belief that the Shah could weather the storm since it was felt that many important sectors of society found their views repellent. Under this belief, even those who, like the students and the National Front, opposed the Shah would find it difficult to join with Khomeini because they differed so much in their basic political orientation. In fact, Iranians could favor modernization and still strongly oppose the Shah, as many of Khomeini's followers did. Students and many members of the middle class, without endorsing all that he stood for, could find important elements in common with Khomeini. Shared opposition to the perceived gains of the newly-rich and the impoverishment of the lower ranks of society formed an important common bond between Khomeini and the political left and between Khomeini and a wider constituency. (This was noted by Professor Richard Cottam in a letter to the editor of the Washington Post on 3 October 1978 and mentioned by the Embassy in Tehran 9157, 20 September 1978, [] Given the prevailing view and paucity of data, it is not surprising that even after the Embassy had mentioned that the Qom riots had been sparked by a newspaper attack on Khomeini, finished intelligence continued

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to report that the demonstrators had been "protesting against the 1963 land reform and the 1936 ban of the veil" [] 10 February 1978, C) or, more generally, "against the Shah's modernization program." (NID, 21 February 1978, [])

11. Although we think the view presented here has been borne out by hindsight--and indeed partly derived from it--there is still room for disagreement. We do not fault the analysts for not having accepted this view at the time when the evidence was even more ambiguous. But we do think they should have indicated the existence of an alternative perception of what the religious leaders stood for. Even Khomeini and his followers were not claiming to be totally opposed to modernization and, while their statements need not have been accepted at face value, they at least showed what this group thought was popular and, more importantly, believed by large numbers of Iranians. Khomeini had for fifteen years centered his attacks on the Pahlavi dynasty and its evil ways. If this view was widely believed, the analysts' stress on the religious opposition as anti-modern greatly exaggerated the degree to which it would be cut off from the wider society. []

12. The second element is the possible role of nationalism.* This factor is not mentioned in any of the official reporting or NFAC analysis and only received occasional mention in the mass media. It could be that this was not a motivating force. But we suspect otherwise. Some of the slogans painted on walls called for the death of the "American Shah." A leaflet distributed during the Tabriz riots spoke of the "anti-Islamic regime of the Shah and the usurping American overlords." []

Khomeini's recorded speeches which circulated in Iran strongly attacked the United States in nationalist terms. The text of the one NFAC had said: "The Americans . . . have helped impose upon the Iranian people a ruler who . . . has turned Iran into an official colony of the United States." In ridiculing the Shah's claim that he

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had brought Iran "into the ranks of the most advanced industrial countries" by saying: "In large areas of the capital people live in hovels and dungeons and have to go a long way to get a bucket of water from some public tap. People know that Iran is a potentially rich country with a huge variety of natural resources. But they see that foreigners have installed an agent at the top of the government to make sure that this wealth does not go to the poor masses. (Tehran Airgram A-60, 17 April 1978, C) []

13. The American role in the 1953 coup was known--probably in an exaggerated version--by all Iranians, and American support for the regime has been prominent, especially in the past several years. The Embassy frequently pointed out that all circles in Iran saw an American hand in everything that happened. Supporters and opponents of the regime alike greatly exaggerated US influence. Thus it is reasonable to believe that a wide segment of the populace saw the Shah as an American puppet. To many, he was not only a despised leader, but a foreign one. This handicap was compounded by the process of rapid social mobilization which almost inevitably increases nationalism. We think it likely that Khomeini was seen as a nationalist leader. He frequently criticized the United States and repeatedly called for a greatly reduced role of foreigners in Iran.* []

14. If this argument is correct, it would account for a good deal of the support Khomeini received from the secular parts of Iranian society. Of course we cannot be sure we are correct, but the complete absence of any mention of nationalism in NFAC analysis still strikes us as unfortunate. While the analysts knew that everyone in Iran believed that the United States was largely responsible for most events in that country, neither this fact nor the implications of it were discussed in 1978's finished intelligence. Part of the explanation may be the understandable hesitancy to engage in discussion which would have had to have been speculative. Second, nationalism was associated in the analysts' minds with terrorist attacks on Americans, which were rare until October 1978. Third,

**Much data on Khomeini's anti-foreign statements became available in late 1978; very little appears in official or other reporting prior to, say, November. []*

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the analysts knew that the United States did not in fact dominate Iran and that the Shah was very much his own man. It was hard to empathize with people who had what most Americans felt was a distorted view of the world. []

15. The third element involves the sparse comment on the "populist" tradition of Shi'ism, growing in part out of the fact that the Shi'ites do not have a recognized hierarchy within the sect. Instead of being appointed by a superior, mullahs and ayatollahs gain their authority by becoming recognized by followers as men of wisdom and piety. This encourages current and aspiring leaders to articulate what they think are the grievances and desires of their people. It gives them incentives to be in the forefront of popular movements. (The Embassy noted this on 17 August: "In Shia Islam there is no institutionalized hierarchy: a religious leader attains his prominence by consensus within his parish. Some of the violence we are witnessing here results from a fervid competition for eminence by the Ayatollahs; moderation apparently does not beget followers from the workers, small shop keepers and artisans at this time." (Tehran 7882, [] Obviously they will not always lead, especially if these movements conflict with their basic values and interests. But these incentives mean that there is a greater chance that the religious leaders will try to articulate popular demands. Furthermore, the fact that this has often occurred in the past means that large segments of the population--even those who are not deeply religious--look to the religious leaders to play this role. []

16. The propensity for religious leaders to act as spokesmen for wider groups and to voice general political concerns was reinforced by the Shah's suppression of most other forms of opposition. Given the support they had from their committed followers, the religious leaders could speak out more freely than others because they knew it would have been very costly for the Shah to silence them. They became salient rallying points. People would follow them because they were the only identifiable source of opposition and they gained strength as they became the symbol for opposition. (This was noted by Ambassador Robert Neumann in his comments on the draft NIE [] p. 6)). It seems to have been the case that many people who disagreed with Khomeini on many points joined his movement because it was the only vehicle for trying to bring down the government. The NID pointed to this phenomenon in the spring when

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it said: "The politicized clergy, who oppose the Shah on religious grounds, have been able to exploit other popular grievances--inflation, poor housing, and the inadequate distribution of basic commodities--that are chronic problems in urban working class areas." (17 June 1978, []) Also see Tehran 9157, 21 September 1978, []

[] Although the separation of political and secular grounds may be a bit artificial, the basic point was important. Unfortunately, this perspective did not reappear in finished intelligence. []

17. The fourth element that could feed the power of the religious-based opposition received more attention from the analysts, although here there was a problem of emphasis and follow-up. As the analysts noted, for the Shi'ites "every government is illegitimate" [] 78-006, 10 February 1978 [] also see Tehran Airgram A-19, 1 February 1978, [] and Elites, [] February 1976, [] p. 43) and there is a fusion between what Western thought would call the secular and the religious realms. For the Shi'ites, it was perfectly natural for the clergy to become the spokesmen for political protests, and indeed they would hardly recognize the line between politics and religion that is so clear to us. In the most thorough discussion of the religious-based opposition that NFAC produced, the leading analyst made the following point: "Since religious, social, political, and economic affairs are considered inseparable, the mujtahed [religious scholar] can dispense guidance on political matters and oppose the will of the state, becoming a leader of the opposition." [] Unfortunately this theme, and others in the paper on the religious-based opposition, were not elaborated or built on in the spring and summer. If the consumers had been fully aware of the Shi'ite tradition, stress and elaboration would not have been necessary. But given the problems for non-experts in understanding the strange people the United States was dealing with, a fuller treatment was called for. These factors were not mentioned in most papers--perhaps because they do not change and the analysts assume the consumers remember them--and did not appear in the NIE that was being drafted in the summer of 1978. []

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Conclusions and Evaluation

18. In summary, although NFAC was alert to the importance of the religious groups for years before the start of the current crisis, retrospect has allowed us to detect aspects of the religious-based opposition that strongly contributed to its powerful role in the overthrow of the Shah and that were not adequately covered in NFAC production. The problem was not the missing of one or two vital clues to the nature of the religious groups; rather it appears to have been a general outlook which did not give credence to the links between the religious leaders and the grievance of wide ranges of the general population. This outlook powerfully influenced the interpretation of incoming information (as any established belief will do) and specifically led the analysts to be insensitive to the possibility that the opposition could unite behind Khomeini. []

19. The factors and the related argument we have discussed in paragraphs 9-18 can, of course, be disputed. This treatment benefits from hindsight, and at the time NFAC analysts certainly could have rejected these elements. Data was skimpy; several lines of analysis were possible. But what is disturbing is that they were not refuted, but ignored. (At least some of these factors figured in the thinking of several academic experts.) Of course analysts cannot comment on every possible view, but these factors should have been examined with care because if they were present there would be greater support for the religious groups, greater unity of the opposition, and greater problems for the Shah. []

20. Had this general outlook noted above been held by some of the analysts, they would have been more sensitive to a number of indicators that were in fact glossed over. First, many of the students and student groups supported Khomeini's protests. Field reports sometimes noticed the seemly odd facts that students were making "ultra-conservative demands" [] or that they were cooperating with the religious leaders. In June, the NID noted that "Militant students . . . added their weight to religious demonstrations this year," [] 17 June 1978, but by and large these joint efforts received little attention. They deserved more not so much because the students were powerful but because many of them did not favor a reactionary program. Their support for Khomeini indicated

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either that what he stood for was not as repugnant to the students as most US officials thought or that the students were willing to back someone with whom they disagreed on many issues in order to bolster the strongest opponent of the Shah. Similarly, there were scattered reports that Khomeini "is widely respected among diverse opponents of the Shah who do not necessarily share his religious beliefs, specifically leftist students. . . . Among the devout bazaar merchants of the country, large sums of money are still collected in his name. These collections are voluntary, not by duress." [] This was consistent with the reports that many women had begun wearing the chador, not because they had suddenly adopted conservative religious views, but because adopting traditional dress was a way of joining the protests.* []

21. In the same vein, the analysts could have explored--although it was late in the game--the implications of the report (which were never disputed) that Shariat-Madari and Khomeini were "above arrest" (Tehran 9157, 29 September 1978, [] and that Khomeini's return would pose grave difficulties for the GOI. On 3 October, the Embassy reported Sharif-Emami's belief that if Khomeini were to return, "GOI would be faced with grim alternatives of (A) arresting him, immediately and precipitating 'civil war ala Lebanon' or (B) letting him run loose and becoming the head of the anti-Shah forces." (Tehran 9555, 3 October 1978, [] If this were so, it indicated severe and lasting restraints on the Shah's power and implied a depth and breadth of support for Khomeini which was not easily reconciled with much of the analysis. []

22. Finally, the reports that many people in Iran believed that SAVAK, not religious extremists, set the disastrous fire in Abadan movie theater (Washington Post, 26 August 1978) indicated both that the latter groups were not seen as ruthless and inhumane and that the Shah was. []

*See the New York Times, 17 May 1978 and Morton Kondrake, "Iran's Queasy Modernization," New Republic, 18 June 1978, p. 22. This apparently started in mid-1977. See Tehran A-124, 25 July 1977, []

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23. To conclude, the view expressed in NFAC production, that the religious opposition to the Shah was essentially driven by dislike of modernization, made analysts insensitive to the bits and pieces of evidence indicating that the bases of opposition were far wider. This evidence made most sense when viewed from the perspective that Khomeini was, or was seen by Iranians as, a nationalist populist leader who opposed the Shah in large part because his regime was serving foreign and rich interests. But unless one used that perspective, the evidence would not stand out as especially significant.

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THE SHAH'S POSITION AND HOW IT WAS PERCEIVED

1. In the course of 1978 a number of reports on the Shah's mood as events unfolded in his country were received. Some of these were personal observations by the American and [] Ambassadors and others who met him; some reflected how Iranians saw the Shah and interpreted his behavior. In retrospect they assume considerable importance, because, when removed from the background noise of other voluminous data, they begin to show a pattern. []

Reports From the Field

- The Economist of 4 March 1978 in a generally good article said that foreigners were reporting that the Shah was troubled and disillusioned by events.
- Ambassador Sullivan on 8 May (Tehran 4355, []) reported that in a conversation the Shah had seemed "tired and depressed, almost listless." He had considered that perhaps something was wrong with his system and his game plan. The Ambassador noted that this was the first occasion in the ten months he had been there that he had seen the Shah in such a mood, but he stressed that he found it striking.
- In mid-May, just after some very serious demonstrations the Shah held a meeting with representatives of the Iranian media. In commenting on this and other events Tehran 4742 (17 May 1978, []) said that "People, including many in the establishment, are trying to figure out exactly what GOI policy is toward demonstrators." Tehran 4836, (21 May 1978, []) reported that people are concerned by what is seen as the Shah's display of "indecisiveness, nervousness and imprecision" in the way he conducted the above-mentioned interview. The normal conclusion that many Iranians draw is that "he is losing his touch." The Embassy noted that some of the Shah's imprecision derived from his efforts to follow an unfamiliar policy--liberalization--and that he gets insufficient feedback to be aware that this is the image he is projecting. [] recalls that the Shah had given the same sort of impression to the press when he announced the formation of the Resurgence Party in 1975.)

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- Many of those in the establishment found that the Shah was not sending a consistent signal as to whether they should take a hard or soft line. (Tehran 4836, 21 May 1978, [] Instructions to the police on handling of demonstrations and to the Ministry of Information on press guidance concerning demonstrations caused similar confusion. [] [])
- The US Embassy in Pakistan reported (Islamabad 5380, 1 June 1978, [] that senior Pakistani officers who had seen the Shah on 26 May "said that he appeared 'frightened and upset' and 'no longer exuded confidence.' The Shah was described as unable to understand why people were turning against him."
- The Embassy reported (Tehran 6557, 10 July 1978, [] that the Shah had told the Ambassador that he felt he had no choice but to continue liberalization. The latter noted that the Shah appeared to be over his earlier indecision.
- US News and World Report of 7 August 1978 in an article which was generally bullish on the Shah's prospects but acknowledged problems of lack of business confidence and flight of money abroad also said that his "experiment with democracy. . .worries many Iranians."
- Three items received around the end of the second week of August pull together scattered earlier evidence of popular concerns at corruption, of the belief that "the Shah is losing his grip" and of a sense of uncertainty among the people in the country. Tehran Airgram A-105 (1 August 1978, [] quotes a well connected source who advised the Embassy to start thinking about the Shah's leaving Iran, saying that he was "down" mentally as of 22 July although he was physically fit. (The Embassy commented that "The actual situation is not as bad as pessimists say.") [] [] said "Perhaps the single most important concern is that [many Iranians believe that] the Shah may be losing control" and". . . his present uncertain behavior could lead to chaos." (It is worth noting that [])

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reported on 15 September that he thought the Shah was out of danger; see p. 113.) Tehran 7882 (17 August 1978, []) noted that "many Iranians of the middle and wealthy classes believe that the Shah is not acting forcefully enough, that he is weak and indecisive."

- The charge d'affairs met with the Shah on 13 August (Tehran 7700, 14 August 1978, []) and reported that he looked very fit. Ambassador Sullivan, who returned from leave at the end of the month, reported finding the Shah thin, tense and dispirited on 28 August (Tehran 8187, [])
- By September the press was beginning to concern itself with the Shah's appearance and attitude. Newsweek of 4 September reported that the Shah had been ill early in July and disappeared from view for six weeks. (There is no other reporting that substantiates an imperial illness; he had been seen by US Undersecretary Newsom on 9 July and by Iranians in late July (Tehran A 105) and spoke publicly on 5 August. Tehran 8607 (9 September 1978, []) reports a Time correspondent as saying that the Shah "looked awful," as if he were on the brink of a nervous collapse, and that his entire tone was very negative.
- The Ambassador met the Shah on 10 September and "found him tired and unhappy, but considerably more spirited than he was a week ago. . . . The Shah, in the past few weeks, has played a Hamlet-like role, without asserting his influence in either direction. He seems, as of today, to have recovered some of his former confidence. . . ." (Tehran 8614, 10 September 1978, [])

2. The Shah's attitude continued to be a subject of interest, up to the time of the establishment of the military government.

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[] [] The American Embassy reported that the Shah was "down in the dumps again" on 3 October. (Tehran 9743, 5 October 1978, []) Ambassador Sullivan portrayed him as "drawn-looking and tense" but animated in conversation on 10 October in a meeting which had the purpose of trying "to snap him out of his current funk and to focus his attention on problems requiring his leadership." (Tehran 9872, []) The Shah was "sober, but not depressed" in a meeting with the US [] Ambassadors 24 October. (Tehran 10383, []) []

3. [] []

4. These reports contain two themes. First, over a period of several months, persons who saw the Shah found him more often than not behaving differently than usual. Instead of being forceful, authoritarian, and taking charge, he was depressed, nervous, dispirited, uncertain. Second, his efforts to liberalize the political system without surrendering his essential authority (discussed on pp. 56-65) sowed confusion in the minds of his supporters, who were accustomed to firm direction. In addition, his behavior led them and many other Iranians to believe that he was losing his grip. With the image of imperial power diminishing, people would be more inclined to take the risks of open opposition. []

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5. We do not intend to analyze the Shah's personality in this report. It is sufficient to note that "the vacillation and indecisiveness which he displayed during the first third of his reign" (Elites, p. 17, [] had been replaced by growing confidence after the overthrow of Mossadeq in 1953. The indications of indecisiveness in 1978 came after a quarter century of vigorous exercise of authority. A long NID article (12 November 1977, S) assessed his position as very strong but did note that "Although he appears extremely self-confident, he has underlying doubts about his worth." []

6. NFAC production took note of the Shah's changed mood at the end of the summer. Thus: "The Shah, described by the US Ambassador as dispirited by recent events. . . ." (NID 30 August 1978, [] "The Shah was described by the Ambassador yesterday as 'tired and unhappy but considerably more spirited' than he had been a week earlier." (NID, 11 September 1978, [] ". . . the Shah displayed some of his former resilience under pressure and appeared to have recovered his self-confidence, which was evidently badly shaken last month . . . [when] he seemed unsure about the clarity of his vision as to how Iran should develop politically. . . ." (NID, 14 September 1978, []); and "Foreign observers who have met with the Shah in the last month agree that this year's cycle of violence has visibly shaken him." [] 20 September 1978, []

7. NFAC's treatment of the Shah's mood and attitude in the fall reflected field reporting about his ups and downs and tended toward the optimistic. In a generally gloomy assessment of the situation in Iran the NID wrote, "The Shah has brief episodes of depression, but these have not materially affected his leadership capabilities. . . ." (23 October 1978, [] An article, "Iran: the Prospects of Responsible Government" [] 20 October 1978, [] put it this way:

"The Shah has had periods of depression as he contemplates the ruins of his carefully constructed, if ineptly handled, programs which he once hoped would produce by the end of the 1980s a country that would compare favorably with Western Europe. These moods have alternated with periods when he has appeared confident and prepared to tackle his many problems."

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8. The second theme, that many Iranians perceived the Shah as losing his grip, first received NFAC attention in the NID on 16 September []

"There are signs of cautious optimism among influential Iranians in government, business, and press circles that the Shah may have pulled the country back from the brink of chaos, []

[] noted a marked shift in opinion since early August, when there was widespread concern that the Shah's inability to put an end to countrywide rioting meant he was losing his grip."

[]

[] The judgment was part of a general appreciation that martial law and political concessions had stabilized the situation. Not until 23 October was the subject touched on again:

"Among the Shah's supporters, especially the military, his initial indecisive response to civil disorders and his opposition has produced an uneasy sense that he is losing his grip. Some of his supporters have begun for the first time to contemplate an Iran without the Shah." (NID, [])

Conclusions and Evaluation

9. *In retrospect, there were enough signs over a sufficient period of time for NFAC to have raised a warning flag. Not that it could have known what was wrong with him; but the reasons for his behavior were less important than the consequences of it. NFAC production, beginning in late August, reflected the reporting on the Shah's mood, which seemed to improve in September and October, in the view of the two Ambassadors who saw him frequently. It did not, however, discuss what his untypical failure to exercise leadership might do to the morale of his supporters (which, we should note, stayed remarkably high until well into the fall) or to the opposition.* []

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10. One might speculate that as the summer wore on the opposition was beginning to smell success because of his appearance of indecisiveness, while the Shah himself, stubbornly determined to liberalize and arrange a transition to his son, may not have been able to "crack down" on the opposition as the Embassy and NFAC production judged he could do successfully if he chose to do so. But the issue is not what was the right assessment. Rather, as on other questions, it is that the subject was not raised analytically. Readers of NFAC publications would have learned in September that the Shah was showing signs of indecisiveness and in late October that some of his supporters were losing faith. They did not receive any assessments of what his indecisiveness might mean for political developments in Iran, for the perseverance of his supporters, or for the attitudes of his opposition. We are not sure why the issue did not receive more prominence, but the belief that the Shah was strong and able to crack down if he judged it necessary, the format of publications that militated against speculation, and the press of events in the fall are among the likely reasons. []

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INTENSITY OF ANTI-SHAH FEELING

1. Judging the breadth and depth of sentiment supporting and opposing the Shah was extremely difficult. In the period we are concerned with, almost no direct information was available.* Neither the Embassy nor the station nor the media reported on the one kind of obvious objective information that might have been useful--the size and composition of the protest demonstrations. Were there 10,000 or 100,000 people in the streets? Were the demonstrations growing? Were they so large that the amount of force required to disperse them probably would be very great? What sorts of people were participating? Were new groups being drawn in? Field reporting did not address these questions. Thus all NFAC had from the field were occasional impressions, such as the Embassy's assessment that the "silent majority" supported retention of the Shah, although perhaps with reduced powers (Tehran 10421, 25 October 1978, [] and its view that "we assume vast majority of middle class . . . generally pleased" by the imposition of martial law (Tehran 8563, 9 September 1978, [], although the next day it spoke of a "sullen population chafing at the imposition of martial law." (Tehran 8614, 10 September 1978, []) The Consuls were more pessimistic, although again did not provide a great deal of information. Consul Shiraz observed that "Anti-Shah sentiment runs deep and broad in Iranian society" (Airgram A-15, 14 May 1978, [] and Consul Isfahan reported that "public discontent remains strong and widespread" and that members of the middle and upper classes had begun publicly criticizing the Shah. (Airgram A-007, 3 August 1978, []) But mostly the analysts had to rely on inferences. Very little was known about many important groups--e.g., the bazaaris, the oil workers, factory workers, even the professional middle classes, but we think that there were some possible bases for inference that remained untapped.

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2. First, the analysts could have commented on the government's unsuccessful attempts to stage pro-Shah rallies (see the Washington Post, 20 August 1978). As early as 27

**For general impressions of this topic before the crisis, see INR's "The Future of Iran," 28 January 1977, [] p. 3 and Iran in the 1980s, August 1977, Section V. []*

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December 1977, the Embassy recognized that "there is a concerted effort to get out the 'silent majority' with the assistance of the Rastakhiz party militants so that government and party workers, professors, students, parents and other identifiable groups may be led into positive demonstrations and other shows of loyalty to overwhelm the dissenters. . . ." (Tehran 11408, []) This could have alerted the Embassy and analysts to the utility of tracing the fate of these attempts since they were seen as important to the GOI and presumably would be pursued with some energy. It is our understanding that over the years Iranians had shown no great enthusiasm for demonstrating in support of the government. Nonetheless, the failure of government efforts in 1978 to generate manifestations of support would therefore indicate some problems with the existence or intensity of feeling of the "silent majority." Similarly, the Embassy's report a month later that "Initial soundings indicate that GOI has not been able to mobilize middle class around slogans depicting religious demonstrators at Qom as hopeless reactionaries" was worthy of greater attention and of attempts to gather more information. As the Embassy noted, "Workers and peasants, plus businessmen, government employees, students and some intellectuals turned out dutifully for government demonstrations, but this has not bound middle class more closely to government." (Tehran 961, 26 January 1978, []) Similarly, after the Tabriz riots the Embassy noted that "Some professors and businessmen of our acquaintance feel things reached the point . . . where their own important values are beginning to be threatened. Many who have thus far tacitly supported moderate oppositionist heckling of GOI may be having second thoughts." (Tehran 1814, 21 February 1978, []) also see Tehran 4455, 10 May 1978, [] But these people did not seem to rally to the Shah even though the opposition grew in a way that should have challenged their values and interests even more. []

3. In retrospect, the intensity of feeling in the opposition can be seen as one of the critical factors in the overthrow of the regime. At the time it should have been

**For a report of a fairly successful pro-government rally, see Tehran 665, 18 January 1978, [] Khomeini noted the contrasting sizes of the pro- and anti-government demonstrations (Tehran Airgram A-60, 17 April 1978, []) While he is of course biased, his basic point was correct. []*

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seen that intensity would be important because it would play a large role in determining how people would react to the Shah's attempts to maintain order. If people were not willing to run considerable risks of being shot, the demonstrations could be put down with an amount of force that was easily within the regime's capabilities. If fairly large numbers were willing to sacrifice themselves, on the other hand, the Army would be forced to engage in quite extensive killing and, as many reports and papers noted, this could severely strain morale, perhaps to the point where it could not be relied on. Unfortunately, the intensity question was rarely addressed. A consultant,

[] made a passing reference to it in his comments (p. 9 []) on the 21 July 1978 draft of the proposed NIE, but that was about all. []

4. Two other categories of events might have yielded information on the strength of the opposition to the government. First, the frequent and lengthy closures of the bazaars could have been more closely monitored in NFAC. Even if many merchants were coerced into closing their shops (this was asserted by the Embassy and certainly is plausible, although little evidence was produced to substantiate the claim), the closures were a warning sign. They showed that the opponents of the regime had quite a bit of power and the regime was either unwilling or unable to thwart them. Assuming that keeping the bazaars closed was an important part of the protest movement and that the Iranian Government for this reason if for no other wanted to keep them open, the government's failure was noteworthy. If the closures were a genuine gesture of support for the opposition and if the bazaaris were paying a price for their actions, this was an indication of the intensity of feeling involved. Furthermore, if those inconvenienced by the closing did not blame the protesters--there were no signs that they did--this was an indication of the degree to which at least potential support for the opposition was widespread. The reports from the field were not full and detailed, but the frequent mentions of shops and bazaars closing could have been collected and analyzed as a group.* (For some of these reports see Tehran 548, 16 January 1978.

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**On 11 May the NID did mention that "Before this year, the bazaars had not been closed in over a decade," [] but this indicator was not mentioned again. []*

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5. Second, even if the field could not talk to any demonstrators and thereby provide some information on their motives and strength of commitment, the very fact of repeated protests with significant casualties told us something about the intensity of opposition to the Shah.

[] [] []

This should have been apparent both to the Shah and observers a good deal earlier. The draft NIE argued that "the threat of the force that the Shah has available if he is pushed too far will deter all but the most virulent opposition." (6 September 1978, [] pp. I-14 - I-15) This might have been turned around. Because the demonstrators continued their activities in the face of the Shah's credible threat, the intensity of feeling that was firing them must have been great indeed. As we noted earlier, Iran was a rare and perhaps unique case in which unarmed people were willing to repeatedly take to the streets in the face of a united Army that frequently inflicted significant casualties. Of course the fact that people come into the streets five times under these conditions does not automatically mean they will come back the sixth time. All people and groups have their breaking points, and these are sometimes reached without much prior warning. Even with hindsight we cannot be sure what would have happened if the Shah had been less restrained and ordered the Army to shoot more people. But the analysts should have derived more information about the intensity of feeling from the unusual willingness of demonstrators to run high risks. []

6. Reports based on observations of demonstrations also supported this conclusion:

"According to dissidents with whom the journalist has spoken, the police are trying every means possible to control crowds before firing on them. These less drastic means include tear gas, fire hoses, and firing over the heads

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of the crowd. The rioters, however, appear to be almost in a frenzy, and these measures sometimes have little effect on them. Even when the firing starts, they have been seen to charge directly at the police guns." []
[]

Before the soldiers fired into the crowd on 8 September they gave a warning and then fired into the air. But the protestors would not disperse. (Tehran 8563, 9 September 1978, []) Part of the explanation for the lack of discussion of this point may have been that after the first couple of incidents, the analysts became used to the fact that the dissidents were willing to risk their lives. But such behavior is rare and indicates an intensity of opposition that would not be easy for any regime to cope with.* []

**This is not to say that warning shots never succeeded in dispersing crowds. Sometimes they did, as the Embassy reported in Tehran 10338, 23 October 1978, []*

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IRAN'S DOMESTIC ECONOMIC SITUATION 1977-1978

1. Because the Shah's full-steam-ahead development program and its consequences of inflation, corruption, unequal income distribution, social dislocation and the like clearly affected the domestic political climate we think that some treatment of intelligence production on Iranian domestic economic matters is called for. We survey that production in this section, discuss how it was related to political intelligence, and also treat the matter of joint political-economic analysis.* One should note here that

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2. The volume of finished intelligence on Iran's domestic economic situation was not large. 1977 had three items. The first, responding to a request from State/INR, analyzed the impact of Iran's projected defense spending. The memorandum [] 7 January 1977, [] judged that while Iran could afford to spend the \$10 billion it planned to on military equipment, defense spending at that level would have an adverse effect on the economy, because it would siphon off skilled and semi-skilled manpower, and that military spending was already helping to boost inflation.

"Although Iran can financially afford the military program, the economy is by no means ready for it. Most of its current economic problems would be far less severe without a mammoth military effort. Military demands for construction--estimated at \$2.2

**We have not attempted to assess the quality of all NFAC's economic analysis on Iran; we judge that to be outside the terms of our charter. It gave extensive attention to Iranian oil matters and to Iran's external economic relations.* []

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billion in 1976--aggravate material and manpower shortages elsewhere in the economy. Military imports, which share top priority with foodstuffs in port off-loading, have added considerably to port and road congestion. And, the boom in military spending certainly has been a major factor in the current 20% rate of inflation."

The paper concluded that "the economic impact of the defense program is not likely to pose serious political problems for the Shah." []

3. Iran in the 1980s contains two sections on the economy. The one on agriculture judged that agricultural performance was the key element in Iran's future development and that "the country must be able to feed its population with minimum reliance on expensive imports or that other elements of the Shah's development program . . . [would be] meaningless." Describing both the success and the extensive deficiencies of the land reform program, the section ends with the following judgment:

"In sum, the planned agricultural development, which has been under the same sort of forced draft as the more spectacular industrial development, is lagging. The problems are likely to continue for a long period of time and become more urgent as Iran finds it necessary to import more and increasingly expensive food. The pressure for agricultural production will rise, and tension between the bureaucracy and the farmers is likely to mount."

[]

A second section on the economy in general describes planned development in reasonably optimistic terms. It notes some problems but does not highlight them as extensive and judges that Iran "will probably come close to the Shah's goal of a per capita GNP equal to that of Western Europe by the 1980s" although there will be a serious maldistribution of income. In sum, this economic section is descriptive rather than analytical and what little analysis there is is not particularly incisive.

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(This paper was an early effort to carry out integrated political-economic analysis; it was not a success in that regard, a fact for which one of the authors of this report (JD) bears some responsibility.) []

4. In September 1977, replying to a request from the Chairman of the Council of Economic Advisers, OER assessed Iran's economic development policy. [] 28 September 1977, [] The paper noted a series of pronouncements accompanying the appointment of a new cabinet under Prime Minister Amuzegar that the Shah was being forced to abandon his "go for broke" development policy, that the regime was adopting a policy of growth which the economy can digest, that project schedules would be stretched out and that efforts would be made control to inflation. The paper estimated that two billion dollars in private capital had fled Iran in the 16 months up to the end of 1976. It noted that by the end of the Five-Year Plan in March 1978 operating expenditures and defense spending would be far over planned levels and development spending would be well under that projected in the Five-Year Plan. The paper judged that implementation of the new program would give the Iranian economy the pause that it needed, and that a stretched out development program would be "more in step with an expected slow growth in oil production and the difficulties in increasing the pool of skilled labor." []

5. From then until early summer of 1978 economic coverage on Iran focused on the international economic aspects and on petroleum and related matters. The latter were frequently mentioned in the periodical International Energy Bi-weekly Review and a brief assessment of Iran's oil future is contained in "The Oil Market Through 1985." [] August 1978, [] []

6. On 23 June the economic contribution to NIE 34-1-78 [] described the Iranian economic situation, noting the problems deriving from a foreign exchange outflow which was estimated to be running at two to three billion dollars a year in 1975-77. It also described the problems of inflation, transportation bottlenecks, and the like brought on by trying to do too much too soon and the great slowdown in growth in

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1977. It took special note that Iran, which has been self-sufficient in food in the late 1960s, was now only 75 percent self-sufficient and that this could drop as low as 50 percent by 1985 if observed trends continued. In later drafts of the estimates this was raised to 60 percent. []

7. The contribution noted that "most Iranians have gained little from the oil and construction booms," that the Iranian emphasis on military spending and on large industrial and nuclear energy projects would leave little in the way of "funding for programs directly beneficial to the Iranian consumer in the next several years" and that the government's efforts would "likely be confined to necessary food imports and to price subsidies, . . . [which were] costing an estimated \$1 billion annually." All valid points, but not further explored in the prospective NIE. []

8. The NID of 30 August [] assessed the economic program announced by the newly appointed Sharif-Emami. It judged that the cabinet change was not likely to convince either the Iran consumer or investor that the economy was going to improve. It judged that "solutions to Iran's deep-seated economic problems, . . . will require more than a new management team." []

9. As the dimensions of the Iranian crisis began to become apparent, economic intelligence production grew in volume. September brought three publications bearing on Iran's economic situation. [] (5 September 1978, U) was a respectable wrap-up of Iranian agriculture. It judged that the land reform has accomplished most of the regime's political goals: "the majority of peasants now own the land they farm and the once-powerful absentee land owners have lost their political base." "The effects of the land reform on economic and social development were positive, though not spectacular." It went on to note that agriculture had been "the stepchild of the government's development efforts." Despite lip-service of food self-sufficiency, food imports were four times what they had been in 1973 and were costing about two billion dollars annually. []

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10. "Iran: New Government Maintains Low Economic Profile" [] 14 September, C) is a good description of Iran's economic problems especially as they faced the new government. It noted that unhappiness with the "Shah's development priorities has added to political and religious unrest" and judged that the need to placate certain elements of society might lead to shifts in government policy away from industrial and nuclear development and toward the agricultural sector. The main message of this paper was repeated in the NID of 18 September. []

11. Iran's problems is feeding itself already flagged in the contribution to the NIE and in the unclassified memorandum of 5 September were discussed at some length in "Iran: Massive Rise in Food Import Needs." [] 21 September 1978, [] It noted that food imports running at \$2 billion a year and expected to rise at a 15 to 17 percent rate annually, could easily triple by 1985 to more than \$6 billion at today's exchange rates. It concluded:

"Given a food import bill of this magnitude in the early-to-mid 1980s, the Shah may be forced into some difficult decisions concerning import priorities. Unless oil prices rise substantially, declining oil export volume will produce a sizeable current account deficit by 1981. At that time, the Shah may be required to moderate either politically sensitive food imports or imports of capital/military goods to avoid a quick rundown in foreign assets, which now total about \$18 billion."

The main messages of this item were repeated in the NID 14 October. []

12. Coverage in current intelligence publications during the fall dealt primarily with cuts in oil production and strikes in the oil fields. The industry began to be hit in late September but had little immediate impact because supervisory personnel could keep facilities operating. (NID, 29 September 1978, []) The government responded to strikes in many sectors by granting most strikers' demands; it saw "the hand of the Shah's religious and political opposition acting behind the scenes to manipulate workers"

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economic grievances into mass political protest." (NID, 7 October 1978, []) A few days later a political-economic article (NID, 14 October 1978, []) reported that "the Iranian Government is being forced to reorder its economic priorities in light of continuing political unrest. It put a finger on the limited effects of this priority shift:

"Although a high-level decision apparently has been made to free military and nuclear program funds for rural development, infrastructure, and social welfare projects, most of the cutbacks will not impact on the current or next year's budget. The government will have to find other means to cover increased payments to public sector workers.

"Government capitulation to substantial wage and benefit demands is settling widespread strikes in government and industry. The effect on the economy cannot be determined, but renewed inflation seems almost certain." []

13. A series of items reported the growing difficulties in the oil fields, with production dropping to a fourth of normal by the end of October. (NID, 31 October 1978, C) The NID on the day following the Shah's appointment of a military government noted that "a major test of the new government's effectiveness will be its ability to convince strikers to return to work. In the vital oil industry, the strike has widened to include support workers." (NID, 7 November 1978, [])

14. EIWR 045 of 9 November wrapped up the Iranian economic situation as being in upheaval, the effects of which would be felt for years. It noted that capital flight, although not subject to accurate measurement, had been generally estimated at three to five billion since the beginning of 1978 and that once a measure of political stability was established government would find it very complex and pressing problems to get the economy back on the tracks. []

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Conclusions and Evaluation

15. The record indicates that Iran's domestic economic situation received relatively little attention in finished intelligence until mid-1978. It is clear that political protest grew in some part out of societal dislocation caused by a development program, and we think it not unfair to suggest that managers and analysts should have been alert to the interaction between the two. While some of the publications mentioned do refer to the political implications of economic problems, there does not seem to have been much effort put into integrating political and economic analysis. For example, no attention was paid to the political consequences of the policy of the Amuzegar government to cool off the economy, thus increasing unemployment. We recognize that there is a lack of political economy in this organization. It is not unlike university campuses where different disciplines are carried out by different departments. We are aware that management now recognizes this as a problem and that solutions to it are being pursued. They are not easy to come by, but in our view the lack of some systematic method of relating politics to economics (both terms used in the broadest sense) helped to prevent NFAC from appreciating the political consequences of socio-economic problems in Iran. As we noted above, maldistribution of wealth, inflation, and accompanying strains were among the elements which caused ordinary Iranians to demonstrate and riot against the Shah. []

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CONTACTS

1. Contacts between official Americans and oppositionists were few; those that existed were with the "modernized" political opposition. The obvious problem was noted in the FOCUS review, although its conclusion was not exactly helpful: "While it is a politically difficult and sensitive matter for Embassy officials to meet with identified opponents of the Shah, the Mission should have the widest possible range of contacts." (4 November 1976, [] p. 4)

Utility of Contacts with the Opposition

2. Information on the thinking and planning of the various opposition groups would not of itself have been sufficient to understand the temper of the opposition to the Shah, but it would have been of substantial benefit in four ways. First, the analysts would have been able to compare the size and strength of various demonstrations that occur with the expectations that were held by the opposition leaders. On the occasions when demonstrations were small or non-existent it would have been of some benefit to have known whether none had been planned or whether an attempt to stage one had failed. For example, the interpretation of the frequent lulls would vary depending on whether the opposition was trying to get people into the streets or not. []

3. Second, benefit would have been gained if NFAC had known more about the kind and degree of organization that characterized the opposition, since this was one element in the opposition's strength. Contacts with the opposition--either overt or by penetration--might have given information about how disciplined it was, what communication networks existed, how the leaders were able to keep in touch with the views of their followers, what kinds of resources they had at their disposal, and what kinds of constraints they felt. Analysts would have had a better sense of the strengths and weaknesses of the opposition, of their depth of commitment, and of their ability to wage a sustained campaign which involved risks and sacrifices of money and lives. But this information of course would have not been unambiguous and as long as the beliefs discussed on pp. 131-133 were held it is hard to tell whether it would have led to a very different estimate of the Shah's staying power. []

4. Third, greater contacts with the opposition--again through either open conversations or penetration--would have

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shed some light (it is hard to tell how much) on the important question of the relations among the diverse opposition groups. We have elsewhere discussed what was known about this and the inferences the analysts drew. Greater contact might have revealed something about the discussions that presumably occurred among the top leaders of the group, and it might have given NFAC a sense of how the cooperation was working out, the kinds of frictions that were arising, and the degree of the commitment on all sides to continue a functioning alliance. Furthermore, analysts might have learned more about the distribution of power between moderates and extremists and derived a better sense of whether the former could afford to strike a bargain that the latter opposed. []

5. Fourth, and perhaps most important, greater contacts might have produced information conducive to a fuller and better understanding of the beliefs and motives of the religious-based opposition. On pp. 105-107 we have discussed what we see as the problems in this regard. More first-hand reports of what the religious leaders--and their followers--were saying, the grievances they felt, and their attitudes toward modernization, might have modified the characterization of the groups, which the analysts knew was based on limited data. []

Utility of Contacts in the Wider Society

6. These benefits would have been significant, but they still would not have gone to the heart of the matter, which was how much support the opposition would have outside its own circle. As in most other protests, this is a point on which the leaders of the opposition themselves could only guess. (Indeed the National Front was reported "as surprised as everyone else about violence in Tabriz and at a loss to explain [it] except in terms of repressed peoples taking up cudgels of freedom and similar boilerplate." (Tehran 1879, 23 February 1978, []) In retrospect it seems that the boilerplate had a large element of truth and that large numbers of people hated the Shah and viewed the religious movement opposition as the symbol of and carrier for opposition to the regime. More contacts with the opposition presumably would have revealed that it was attracting large numbers of adherents, adherents who furthermore had diverse views on many issues. But more important

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would have been contacts with a wide variety of people who were not in the elite of either the government or the opposition. Knowledge about the views of something like a cross-section of the general population would have been extremely valuable, although it would not have yielded a clear prediction. In the absence of such evidence, the analysts were forced to make assumptions about how groups and classes would respond, and these seem to have been largely based on the belief that most people appreciated the benefits the Shah's modernization program was bringing.*

7. In this regard, it is interesting to note that the reports from the consulates in Iran were generally more pessimistic than those from the Embassy. Indeed the Embassy noted this at one point and explained that it did not share the alarming views of the Consul in Tabriz. (Tehran 1879, 23 February 1978, []) One possible explanation for this is that the consular officials, unlike those in the Embassy, had direct contact with people from a wide range of Iranian society. Their day to day activities involved dealing with many people outside the elite. (There are other possible explanations for their greater pessimism e.g., pre-existing views, their being stationed in cities that were more revolutionary than Tehran, and the decreased influence of policy considerations.) []

8. The concentration on the elite in the reporting and in NFAC production seems to have been partly a matter of choice and partly a matter of necessity. Choice because it was believed that interactions among the elite would strongly influence the future of the country, especially when the Shah died or relinquished power. Concentrating on the elite was also a necessity since there was little information available about other segments of society. (This is not to imply that reliable and useful information about the elites was easy to come by.) Given the reporting of the Embassy, station, and the information from open sources, little was known about groups like the bazaaris, and oil workers which we now realize were so important. Even less

**The draft NIE argues that "Most Iranians have gained little in terms of standards of living from the oil and construction booms," and concludes that "The Shah's development program seems likely to lead to growing discontent among the urban poor." (6 September 1978, [] pp. II 15, II 17) But this perspective was not fully developed and does not appear to have strongly influenced most of the political analysis. []*

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information was available about less organized segments of society. Even now we do not know the make-up of the anti-Shah demonstrations. Thus the analysts could not say much about the groups beyond the elite. The most they could have done was to have pointed out that vital information was lacking and to have asked for a change in the priorities of information collection in the field. To determine such priorities would have involved a more thorough treatment of general Iranian politics to try to determine how much intra-elite maneuverings would set Iran's course and the extent to which other segments had to be considered as active participants. This sort of analysis is difficult and there are no general guidelines on this point. But no attempts to deal with the problem were made, perhaps because of resource limitations or because of the belief that, even if information about non-elite groups were useful, it could not have been obtained. []

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POLICY BIASES

1. It is often claimed that analysts distort what should be objective judgments to support official policy, but unambiguous evidence on this point is usually hard to come by. The case of Iran fits this pattern. Intelligence generally was consistent with US policy but this does not mean that the latter was influencing the former. If such an influence were present, the analysts were not aware of it. []

2. In some cases, one finds that commitment to a policy--on the part of analysts as well as policy-makers--increases as more information indicating that the policy would fail becomes available. This was not the case here. In some cases the political climate was such that analysts who warned that the policy was failing had good reason to fear that they would be punished. Again, that does not seem to be true here. []

3. If it were the case that the policy had a strong and direct impact on analysis, one would expect that the State Department's Bureau of Intelligence and Research, being more closely tied to US policy, would be more affected than NFAC. The former, however, in fact displayed more doubt about the Shah's ability to maintain his power than did the latter. The opposite side of this coin is that if policy were strongly influencing evaluations, one would expect news reporters, who had no stakes in the Shah's survival, to have been much more pessimistic than official accounts. But this also was not the case. []

4. But it is at least possible that the belief that there was no alternative to existing policy--either because the realities in Iran would not permit an alternative or because the US Government was committed to supporting the Shah and his policy of liberalization--inhibited analysts from recognizing how precarious the situation was. If one believes that issuing a warning is useless, then one is less likely to believe that a warning is needed. We cannot be sure that this influence was at work. When it operates it does so on a subconscious level.

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It is possible, however, that there was some tempering of NFAC's analysis of the negative effects of the administration's human rights policy in response to signals that intelligence had already fully covered this topic. []

5. The problem of determining whether analysis was influenced by policy is especially difficult because the analysts generally agreed with the policy. Looking over the range of beliefs held by people in and out of government it is clear that, as a generalization, those people who thought that the Shah's regime was on balance good for the citizens of Iran and thought that supporting him was in the American interest also thought that his government was quite strong. Those who thought he was evil also believed that it was bad for the United States to aid him and saw his regime as relatively vulnerable. Presumably the judgments about whether the Shah was good or bad for Iran influenced interpretations of the potency of dissent. Those journalists and academic analysts who opposed the Shah were more pessimistic about his chances of survival than were those in and out of government who had a more benign view of the regime. To a degree this was logical. Support for the Shah only made sense if one believed that he could survive. And if one believed that the Shah was generally acting in the interests of most of his countrymen then one would be likely to think that he had a lot of domestic support. []

6. Even if analysis was not directly influenced by policy, these three inter-locking beliefs supported each other and made the analysts especially slow to give full credit to information indicating that the Shah was in very serious trouble. It is probably impossible to say which of the three beliefs came first either in time or in importance. As the Shah survived over perilous years, people became more convinced both that the United States should support him and that he was helping lots of Iranians and earning their support (or else he would not have survived). And as they came to believe that he was a good ruler they

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increasingly expected him to be able to survive.* Furthermore, the fact that those outside the government who thought in the early autumn that the Shah might fall were people who opposed his rule gave the analysts an easy way to downgrade these warnings, for they could seem to be--and perhaps were--the product of wishful thinking. []

7. A related problem was that the observers' apparent lack of sympathy with the protestors was reflected in their choice of words. They talked of "mobs" which "rampaged through the streets," [] 10 February 1978, [] "vandalism" (Tehran 5131, 30 May 1978, [] mullahs "agitating" (Tehran 8353, 31 August 1978, [] and "irresponsible" opposition. (NID, 10 August 1978, [] Field reporting used more highly colored terms than did finished intelligence, but we think it is fair to say that a reader of the latter could also tell what outcomes the writers wanted and which they feared. It is possible that this indicated or created a subtle bias. []

8. The unprecedented nature of the revolution and the Shah's record of survival made it hard enough to see that past might not be a good guide to the future. To believe that the unrest would succeed was to expect the kind of sudden and dramatic change in affairs that strains our imaginations. The analytic task would have been extremely difficult if the United States had been neutral or even anti-Shah. But we cannot completely rule out the possibility that the subtle influence of US policy may have made it a bit harder for the analysts to realize that the Shah's position was becoming precarious. []

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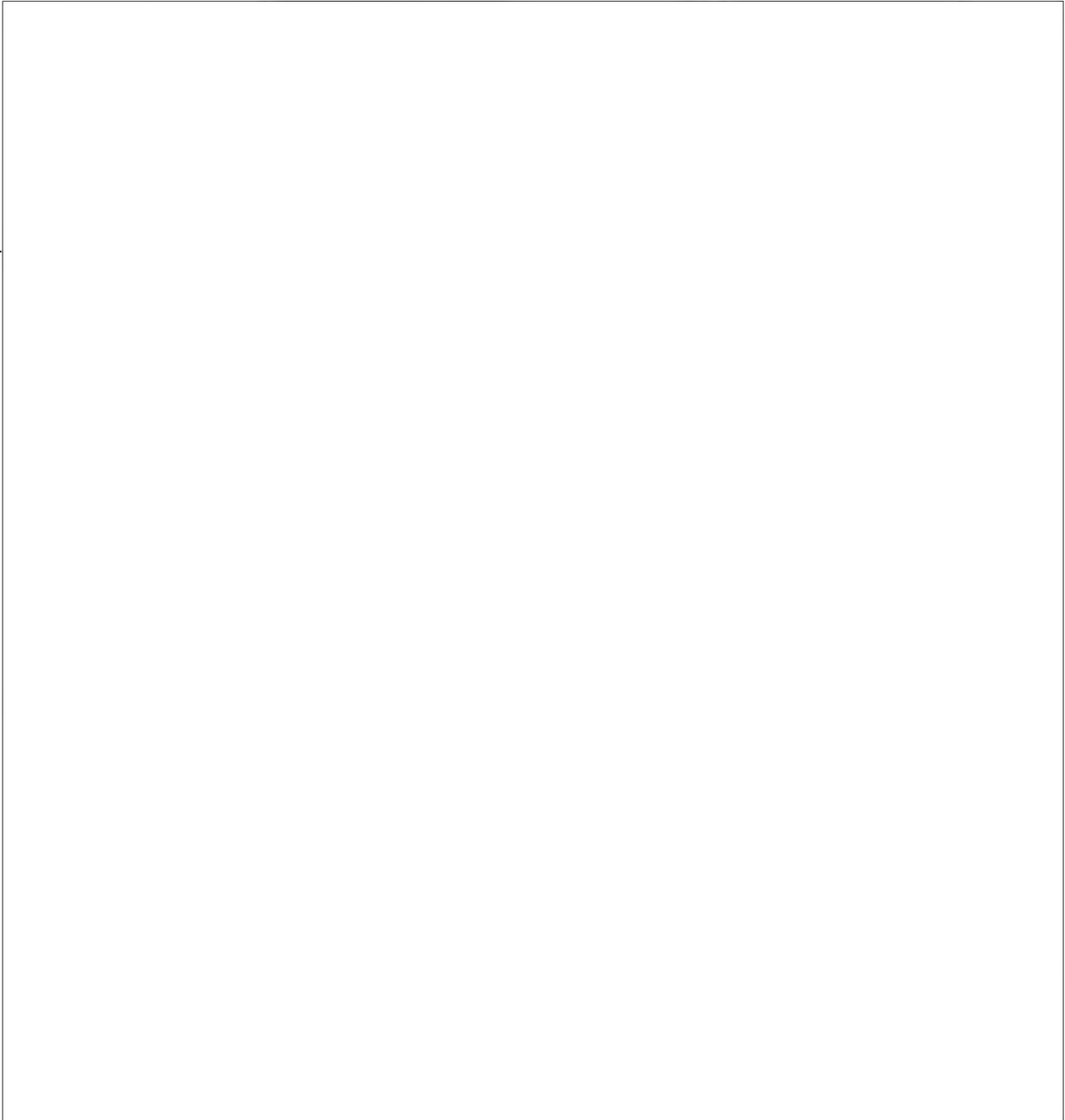
In Conclusion

It will be clear to readers who have stayed with us this far that there is no one reason for NFAC's failure to assess the deterioration of the Shah's position during 1978. Life is never that simple. We have cited a number of reason--inadequate information, pre-existing beliefs, mind sets, a small and isolated community of Iranian analysts, and a production system that emphasizes reporting events rather than underlying causes. We conclude with a dual appeal: analysts, re-examine your assumptions and beliefs; managers, create an environment conducive to analyzing foreign affairs, not just reporting them. []

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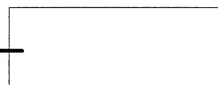


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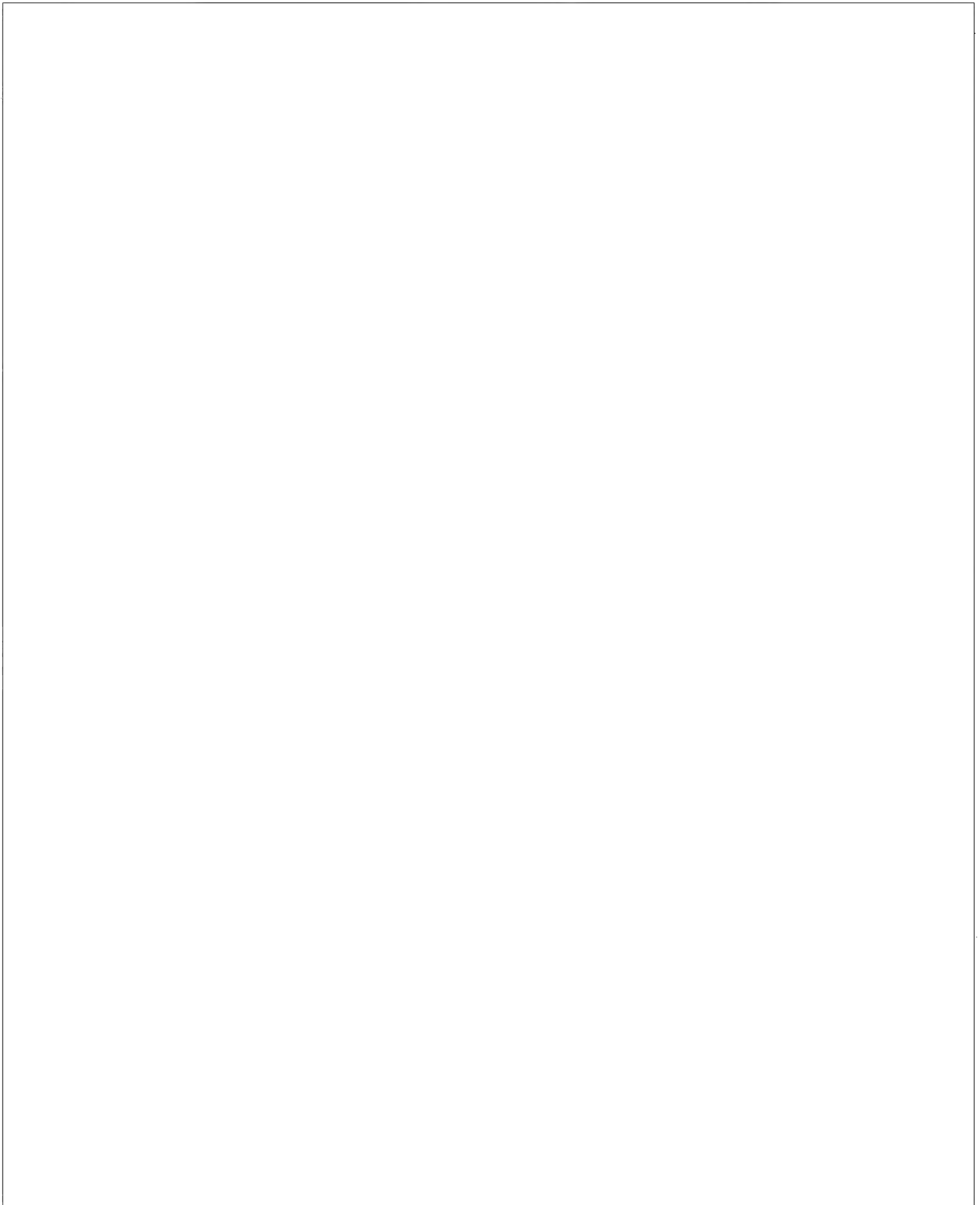


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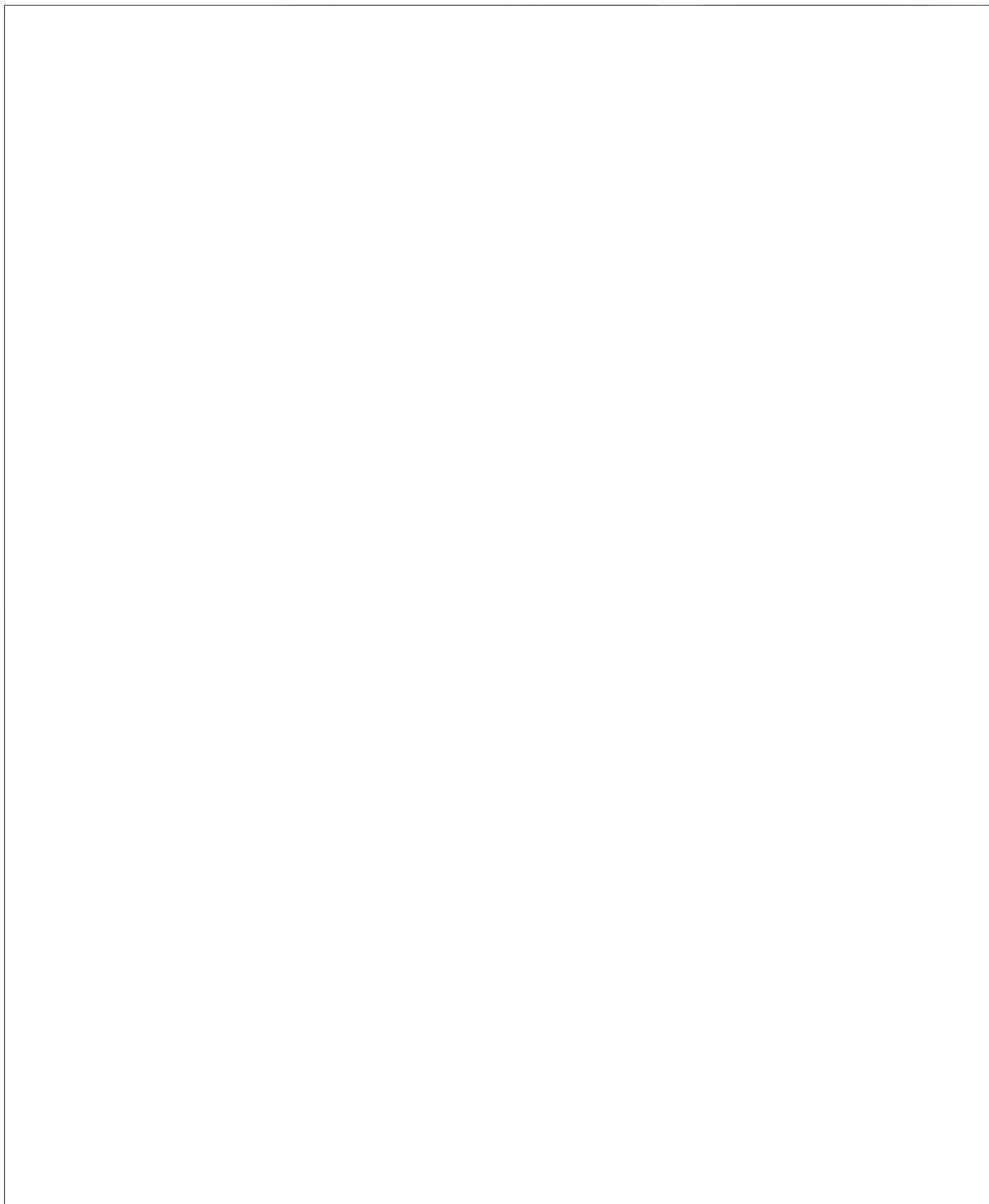


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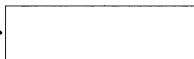


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Annex B

Perception and Evidence

Robert Jervis, Perception and Misperception in
International Politics (Princeton University
Press 1976) pp. 176-181.

Scholars often have been unsympathetic with people whom history has proven wrong, implying that only a person unreasonably wedded to his views could have warded off the correct information. But in most cases those who were right showed no more openness to new information nor willingness to modify their images than did those who were wrong. Robert Vansittart, the British Permanent Undersecretary in the Foreign Office who earned a reputation for courage and foresight by his opposition to appeasement, keenly noted all indication of German aggressiveness. But he was convinced that Hitler was aggressive when the latter had been in office only a few months¹³³ and did not open-mindedly view each Nazi action to see if the explanations provided by the appeasers accounted for the data better than did his own beliefs. Instead, like Chamberlain, he fitted each bit of ambiguous information into his own hypotheses. Similarly, Robert Coulondre, the French ambassador to Berlin in 1939 who appreciated the Nazi threat "was painfully sensitive to the threat of a Berlin-Moscow agreement. He noted with foreboding that Hitler had not attacked Russia in his *Reichstag* address of April 28. . . . So it went all spring and summer, the ambassador relaying each new evidence of an impending diplomatic revolution and adding to his admonitions his pleas for decisive counteraction."¹³⁴ His hypothesis was correct, but it is difficult to detect differences between his methods of noting and interpreting information and those used by ambassadors such as Neville Henderson who were wrong.¹³⁵

When evidence gradually accumulates that a view is wrong, those who hold the view often seem willfully stubborn as they refuse to recognize that, while their beliefs may have been tenable in the past, they are now clearly incorrect. But those who are wrong may seem more stubborn because they receive more discrepant information. Those who are right may appear more open-minded only because their initial views were correct.¹³⁶ If large amounts of discrepant information had later appeared,

¹³³ Ian Colvin, *Vansittart in Office* (London: Golancz, 1965), p. 23; Martin Gilbert and Richard Gott, *The Appeasers* (London: Weidenfeld and Nicolson, 1963), p. 34.

¹³⁴ Ford and Schorske, "A Voice in the Wilderness," pp. 573-74.

¹³⁵ In an earlier article ("Hypotheses on Misperception," *World Politics* 20 [April 1968], 460-61) I applied this argument to Churchill. While it is difficult to show that he did modify his beliefs more quickly than Chamberlain, one bit of evidence does point in this direction. In the 1920s Churchill argued strongly for appeasing Germany, relaxing the economic clauses of the Treaty of Versailles, and treating her as a member in good standing of the family of nations. This is especially impressive in light of the fact that before the First World War Churchill had been quite suspicious of Germany's intentions. For the contrary argument that Churchill suffered from "an inability to envisage changed situations," see Robert Rhodes James, *Churchill: A Study in Failure* (New York: World, 1970), p. 381.

¹³⁶ Similarly, Cantril's analysis of why people believed Welles's broadcast of *War of the Worlds* is badly flawed by the failure to distinguish the person's "criti-

they too might have assimilated it to their images. In other words, instead of a person's being wrong because he is stubborn, he may be stubborn because he is wrong.¹³⁷

For our purposes, even more significant than the proposition that those who are later shown to have been wrong are not necessarily more closed-minded than those who were right is the argument that it is difficult to specify when a person is being "too" closed-minded. There is no way to draw a neat, sharp line between that degree of holding to existing beliefs and disparaging of discrepant information that is necessary for the intelligent comprehension of the environment and that degree that leads to the maintenance of beliefs that should be rejected by all fair-minded men.¹³⁸ For example, although several authors have examined the seemingly pathological maintenance of the horse cavalry well into the twentieth century, "It is debatable which is the more extraordinary," the unwarranted faith in this weapons system, or the fact "that the lance and sword managed to hold their own as respectable weapons 450 years after the first serious use of gunpowder in war."¹³⁹ As we saw in our discussion of science, sometimes the stubborn man is vindicated.

One reason for the lack of systematic differences between those meth-

cal ability," one of the key variables identified, from a predisposition to accept, not information in general, but information of a particular type—that indicating catastrophe. Hadley Cantril, *The Invasion From Mars* (Princeton: Princeton University Press, 1947).

¹³⁷ If case studies do not reveal general differences between the way people who were right and those who were wrong handled information, experimental evidence is available but not totally relevant. Personality variables of dogmatism, persuasibility, and conformity have been located, and it has been found that people with low tolerance for ambiguity maintain images in the face of more contradictory information than do those who are not disturbed by ambiguity. (Else Frenkel-Brunswick, "Tolerance of Ambiguity as an Emotional and Perceptual Personality Variable," *Journal of Personality* 18 [1949], 108-83; Milton Rokeach, *The Open and Closed Mind*; Irving Janis et al., *Personality and Persuasibility* [New Haven: Yale University Press, 1959]; David Shaffer and Clyde Hendrick, "Dogmatism and Tolerance for Ambiguity as Determinants of Differential Reactions to Cognitive Inconsistency," *Journal of Personality and Social Psychology* 29 [1974], 601-608.) More directly relevant is the finding that "those individuals scoring high on the dogmatism scale perceived the broadcasts [from Radio Moscow] as they had expected them to be, while the low dogmatics found the broadcasts to be something different from what they expected." (Don Smith, "Radio Moscow's North American Broadcasts," *Public Opinion Quarterly* 34 [Winter 1970-71], 549-50.) But we do not know if these relationships would hold true within the highly selected group of decision-makers.

¹³⁸ That this is the case actually serves to advance knowledge by increasing the heterogeneity of beliefs within the decision-making community. Different people pursue different lines of inquiry and so an intellectual discipline as a whole hedges its bets. But when an actor must choose a policy, this logic applies with only reduced force.

¹³⁹ Bernard and Fawn Brodie, *From Crossbow to H-Bomb* (Bloomington: Indiana University Press, rev. ed., 1973), p. 42.

ods of drawing inferences that lead to correct conclusions and those that lead to error is that the correct explanation often is not supported by the bulk of the evidence. This point is well illustrated by a scientist's discussion of the eighteenth-century debate between the preformationists, who argued that a miniature homunculus inhabited the ovum and grew after it was fertilized, and the epigenesists, who argued that the egg began as a simple and undifferentiated cell and became more complex as it developed. That the latter view is correct should not blind us to the fact that it is highly implausible and for a long time did not render the best account of the available data. "What could be more fantastic than the claim that an egg contains thousands of instructions, written on molecules that tell the cell to turn on and off the production of certain substances that regulate the speed of chemical processes? The notion of preformed parts sounds far less contrived to me. The only thing going for coded instructions is that they seem to be there."¹⁴⁰ In politics it is even more frequently the case that an incorrect belief makes most sense out of the available data. Watergate is only a recent reminder that the actual facts and correct explanations may be highly implausible. Only after access to most of the behind-the-scenes dealings has permitted the reconstruction of the flow of events and decisions are we able to understand what has happened. Even then we may lack confidence in our explanations or feel that they are not totally satisfying. So when the evidence is much less complete it is not surprising that the known facts are often best accounted for by an incorrect explanation.

For this reason those who have reached the right conclusion may be less reasonable and may be treating the information in less justifiable ways than those who are wrong. Hunches, luck, and an accurate general analysis of the other and his situation often explain why a person is able to predict correctly what others would do. Those who disagree, far from being blind to the facts, are often truer to them. A piece of black cloth in the bright sun reflects more light than a white cloth at dusk, yet we see the former as darker than the latter. Because context so heavily influences the perception of each single bit of information, a correct appreciation of the general situation often leads to doing injustice to particular facts. For example, in three cases Churchill was correct, but most reasonable men would probably have said that alternative conclusions were better supported by the evidence at hand. When the attempt to force the Dardanelles faltered because of an uncharted string of mines, Churchill wanted to push ahead. We now know that a renewed attack probably would have succeeded—but, as most officials argued at the time, most of the information indicated that it would fail. To take a larger case, it

¹⁴⁰ Stephen Gould, "On Heroes and Fools in Science," *Natural History* 83 (August-September 1974), 32.

would be hard to argue that Churchill's view best explained the available evidence about German foreign policy in the mid- and even late 1930s. Similarly, Churchill was right to see that Hitler would launch a surprise attack against Russia in the spring of 1941, but alternative hypotheses were at least as well supported by data.

Those who are right, in politics as in science, are rarely distinguished from those who are wrong by their superior ability to judge specific bits of information. The preformationists were no less "careful and accurate in their empirical observations as the epigenesists."¹⁴¹ Rather, the expectations and predispositions of those who are right have provided a closer match to the situation than did those of those who are wrong. Thus many of the people who interpreted early bits of information about Watergate as indicating that President Nixon was implicated drew correct inferences because they had previously distrusted the man. The very fact that they were so quick to consider him guilty points to the importance of their previous views and the relatively slight role played by close observation of the immediate events. Those who took the opposite position were wrong not because of their faulty reading of the direct evidence—until near the end their reading was at least as plausible as was that of those who were correct—but because of their basic misunderstanding of the president. This line of argument is supported by findings concerning children's perceptions of their parents' political activities which, because the investigator did not hold the view set forth here, were unanticipated: "it was originally hypothesized that student reports of parents' political characteristics would be more accurate among highly politicized families. In the case of turnout, the data lend no support to the hypothesis. Among parents who voted, there are practically no variations at all in the rate of student accuracy. . . . Sizable variations do occur in reporting nonvoting, but, surprisingly, the lowest rates of accuracy are among the most politicized families! Students' strong expectations that their parents will vote, or a greater sensitivity about reporting nonvoting, apparently overshadow any perceptual gain from the highly politicized environment." The same effect appears when we look at data on students' perceptions of their parents' interest in politics. As the parents' education increases, their children judged their interest in politics to be higher: "it is more befitting less-educated parents to be uninterested in public affairs, and consequently more are reported to lack interest. When parents' own reports coincide with these expectations, students' reports are correct. When they conflict with student expectations, however, students have 'guessed' wrong." Our earlier discussion of cognitive biases and schemas is relevant here. People learn and remember relatively accurately when the schema they apply fits the arrangement of the stimuli. Thus

¹⁴¹ *Ibid.*, pp. 30-31.

a study showing that cognitively simple people are more prone to perceive balance notes that "complexity is not always functional nor lack of complexity always dysfunctional. Noncomplex subjects made fewer errors than complex ones when their simplifying hypotheses matched the social structure" they were facing.¹⁴²

One implication of this analysis is that successful detection of military and diplomatic surprises is less likely to be explained by the skill of the intelligence service in piecing together arcane bits of information than by the degree to which the service's predispositions and expectations fit the actions that the other is planning to undertake. This also means that an actor who is trying to surprise another should find out what the other expects him to do and then do something else rather than to try to alter the other's predictions about what he will do. It is better to take advantage of the fact that people assimilate discrepant information to their pre-existing beliefs than it is to fight this pressure. Thus one of the most elaborate and sophisticated deception campaigns—the Allied effort to convince the Germans that they would land near Calais rather than at Normandy—probably would not have succeeded had Hitler not already believed that Calais would be the target.

This analysis of course raises the question of when will the person's expectations be likely to mirror the stimuli that he is presented with? Luck is one answer and perhaps applies in more cases than we like to think. This may be the best explanation, for example, of why the predispositions of many of the anti-appeasers were appropriate in the 1930s. Under most leaders Germany would have tried to regain a powerful position in Europe, but she would not have been willing to run very high risks in order to dominate and so she could have been appeased. Had Hitler not come to power, many of the Englishmen who now seem wise would have been dangerous warmongers. A second possibility is that the person's predispositions fit the environment in which he is acting. A statesman who is sensitive to threats to his state's security is likely to perceive correctly if his state is often menaced. A person who correctly gauges general trends will also be well served by his predispositions in many cases. Those observers who doubted that democracy could be maintained in the underdeveloped states often provided the best interpretation of the ambiguous evidence about politics in the third world. The

¹⁴² Richard Niemi, *How Family Members Perceive Each Other* (New Haven: Yale University Press, 1974), pp. 68-69; Press, Crockett, and Rosenkrantz, "Cognitive Complexity and the Learning of Balanced and Unbalanced Social Structures," pp. 549-50. For related arguments from other parts of the field of person perception, see the research summarized in Mark Cook, *Interpersonal Perception* (Baltimore: Penguin, 1971), pp. 108-16, and Hastorf, Schneider, and Polefka, *Person Perception*, pp. 30-34.

creation of appropriate predispositions is the rationale for job training programs that alter perceptual thresholds, a subject we will touch on in the appendix to Chapter 6. Furthermore, people select, and are selected for, jobs in the expectations of a match between predispositions and environment, but this is no guarantee that there will be such a match. Those who are predisposed to see foreign threats, for example, may fill positions of responsibility in relatively secure as well as in relatively insecure states. A third and related cause of match comes into play when the person's previous experiences provide a good guide to the current situation. This will be treated at length in Chapter 6. An aside here is that, when self-fulfilling prophecies operate, shared predispositions make more accurate the perceptions of those who hold the dominant view.

Unless we realize that the differences between those whose perceptions have been accurate and those whose have been wrong are not likely to lie in differences in ability to examine specific facts, we will have unwarranted faith that those who were right will continue to perceive accurately under changed circumstances. We will be likely to assume quickly that superior intellectual virtues are possessed by those who perceived accurately, to promote those people to positions of greater responsibility, and to adopt their views in the future.

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Annex C

Chronology

Date	Event or Development	Field or Other Reporting	NFAC Coverage	Other Observation
January				
6				<i>New Statesman</i> describes broad and deep opposition spurred by events of autumn 1977 and determined to oppose government heavy-handedness, albeit political collapse of government not imminent.
7	Government-sponsored attack on Khomeini in Tehran newspaper.			
8-9	Demonstration in Qom.			
11		Embtel 0389, worst incident of kind in years.		<i>Wash Post</i> , initial demonstration was protesting government propaganda against Khomeini.
14-15	Religious demonstrations in 7 or more provincial cities.			
16		Embtel 0548, ties Qom events and other, less violent demonstrations to anniversary of land reform.		
20			NID. Loss of life in Qom greater than government admits. Danger greater if religious dissidents known to be allied with leftist political opposition and terrorists.	
26	Embtel 0961, notes parenthetically that demonstrations in Qom touched off by press article attacking Khomeini. Also notes danger in confrontation of secular modernizers and religious.			
27			NID. Possible terrorist attacks on US citizens.	

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Annex C (Continued)

Date	Event or Development	Field or Other Reporting	NFAC Coverage	Other Observation
February				
10			MESAWR [redacted] Bases of Religious Opposition to the Shah."	
18	40th day commemoration of Qom becomes rioting in Tabriz. Army used to restore order; banks, cinemas, etc. focus of destruction. Peaceful demonstrations in 4 or 5 other cities.	Embtel 1710, "level of violence surprising."		
19		Embtel 1762, demonstration is "well-organized" work of fanatical Moslems.		
21		Embtel 1814	NID. Rioting more serious than government admits. Started by order from local religious leaders to close the bazaar. Embassy believes fanatical Moslems responsible.	
23		Embtel 1879, Embassy downplays Consul Tabriz concern.		
28 Feb and 2 Mar		Embtel 2178 (Mar 2), reports that closing of mosques by police was immediate cause and also says events had anti-government cast.		

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Annex C (Continued)

Date	Event or Development	Field or Other Reporting	NFAC Coverage	Other Observation
March				
3			MESAWR [redacted] Iran: Azerbaijani Nationalism—A New Problem?" [redacted] [redacted] speculation that nationalism a factor, item educates readers on that minority's history.	
4				<i>The Economist</i> , "Time Oil Run Against the Shah," odds are against him lasting 5 years.
12	Shah acknowledges Tabriz riots due to official mismanagement. Not all religious are black impe- rialists.	Reported in Embtel 2464.		

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Annex C (Continued)

Date	Event or Development	Field or Other Reporting	NFAC Coverage	Other Observation
April				
3		[] Tabriz incidents much more serious than government admits. Station agrees but does not believe Shah will fall. Embtel 3201 reports distribution of cassettes of Khomeini speeches.		
4		Embtel 03242. Incidents in approximately 43 towns and villages past four days. [] contains detail, town by town.		
7			MESAWR [] Events no threat to government stability, but reflect widespread dissatisfaction and fanaticism aimed at non-Moslems.	<i>Wash Post</i> , rise of religious leaders' power has eroded much of Shah's support. Political opposition riding coattails of religious. Shah has loyalty of army, police, bureaucracy and well-to-do.
19	Hit-run violence struck 53 cities and towns before easing off last week.	Embtel 3700.		
15-30	Bombs explode at homes of dissidents.	Several reports of heavy-handed government-sponsored violence against dissenters.		

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Annex C (Continued)

Date	Event or Development	Field or Other Reporting	NFAC Coverage	Other Observation
May				
5			NID. Shah orders crackdown on political dissidents through campaign of beatings, bombings and burglaries.	
9-12	Commemorations of end March disturbances in several cities.	Several cables and press stories.		
11			NID. Shah apparently intends to lift restrictions on police. There is little room for compromise between him and conservative Muslim opponents, who in his view want to turn the clock back to the Middle Ages.	
13	Shah holds press interview.	Embtel 4836 (21 May). Many Iranians concerned by his indecisiveness and nervousness.		
15				<i>Financial Times</i> , in an article which well sets forth the forces at work, "his throne's not judged to be in danger."
18				
19			MESAWR [] Regime using time-honored theme of foreign interference to arouse public against disorders.	<i>NYT</i> (Gage) many Iranians are convinced that "the forces gathering against the Shah are rapidly growing and will produce a major explosion if he does not find a way to defuse them.
26				<i>Wash Post</i> correspondent estimates 200 dead since 1 January.
Late May/early June	Demonstrations, sometimes turning into riots, continue.			
28	Shah and Empress making annual pilgrimage to Shia shrine at Mashhad.	Embtel 5134 reports trip went smoothly.		

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Annex C (Continued)

Date	Event or Development	Field or Other Reporting	NEAC Coverage	Other Observation
June				
2			MESA WR [redacted] Shah and clergy; Mashhad less politicized than Qom; hence easier for Shah to get dialogue going if he wants.	
7			NID. Head of SAVAK removed.	
17	Peaceful commemorations of early May violence.		[redacted]	
18				Wash Post. Peaceful protest breaks cycle of violence; government efforts have reduced tensions.

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Annex C (Continued)

Date	Event or Development	Field or Other Reporting	NFAC Coverage	Other Observation
July				
21-22	Riots in Mashad at funeral of an ayatollah.			<i>Wash Post</i> says 40 dead; <i>NYT</i> says 1 dead.
24				<i>Newsweek</i> . Five months of anti-government protests in 50 cities have left more than 40 dead. Mentions regime charge of red and black imperialism. Does not estimate Shah's stay-ability.

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Annex C (Continued)

Date	Event or Development	Field or Other Reporting	NFAC Coverage	Other Observation
August				
1		Embtel 7242, serious trouble in 13 cities past two weekends.		
3		A-07 Isfahan, reports demonstrations starting again after two months of quiet.		<i>Wall St. Journal</i> . "Until the dissent finds a coherent and much stronger voice, the Shah. . . should remain very much in charge."
5	Shah constitution day speech promises free elections June 1979.			Press coverage (<i>Wash Post</i> and <i>NY Times</i>) brief, 2 or 3 factual paragraphs each.
7		Embtel 7456, reporting speech, notes prevalent belief that Shah's "unnatural" moves toward democracy result from US pressure.		<i>US News and World Report</i> article acknowledges Iran's problems, notes that many fear his experiment with democracy, cites flight of capital, but is generally bullish on Shah and his leadership.
8			Shah's promise of free elections not forced; it is part of his timetable. Nonetheless there is calculated risk, success will "depend to a large extent on the willingness of a generally irresponsible opposition to forego violence for politics." The next year could be a turning point in Iranian history; Shah has let the genie out of the bottle.	
10			NID essentially the same as above, but replacing turning point idea with one that reneging on promise of elections would be difficult and perhaps dangerous.	
12	Martial law imposed 11th in Isfahan, major rioting 11th, following 10 days smaller demonstrations. Rioting in Shiraz.	Embtel 7617.	NID reports impositions, ties riots to death of clergymen. Demonstrations led by unidentified clergyman.	<i>Wash Post</i> reports; says leader of demonstrations a Khomeini follower.
13	Bomb in Tehran restaurant.			AFP report.

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Annex C (Continued)

Date	Event or Development	Field or Other Reporting	NFAC Coverage	Other Observation
August (Continued)				
14	Martial law extended to three more towns.	Embtel 7700 reports Charge audience with Shah. He looks fit but can't understand what people wanted after all he'd done for them.		
17	Riot in Tehran bazaar.	Embtel 7890 reports continual minor upheaval in S. Tehran and some incidents focused on crowds leaving mosques. Embtel 7882. Shah on tightrope in period of political turmoil. Committed to liberalization, but may have to repress violent opposition with force.		<i>Wash Post</i> reports event.
18			MESAWR takes note 25th anniversary of Shah's restoration in 1953.	
19	Cinema fire in Abadan.			
20				<i>Wash Post</i> gives economic reasons for current unrest channeled by reactionary religious elements, but basically by little people. "The Shah is still firmly on the throne. . . ."
20				<i>Wash Star</i> reports trouble in Qom, Khorramshahr and other cities. Four people killed in arson of cinema in Mashhad.
21			NID. Government blames Islamic fundamentalists for Abadan fire.	
21	Shah publicly confirms his family forbidden to involve selves in business.	Embtel 7949.		
21				<i>The Times</i> article by Lord Chalfort defending Shah and system.
23	Sanjabi announces reestablishment of National Front.	Embtel 8083.		

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Annex C (Continued)

Date	Event or Development	Field or Other Reporting	NFAC Coverage	Other Observation
August (Continued)				
24	Army takes over in Abadan.		NID. Security forces readying for possible violence on 24-26 August. Civil disorders have continued since 11 August imposition of martial law.	<i>Wash Post</i> reports event.
25				<i>New Statesman</i> attacks Chalfont article and opines, "In this great spectrum of dissent, the role played by religious fanaticism is a minor one."
25	Violent anti-Shah demonstrations in Abadan.			<i>Wash Post</i> , 26 August, reports event.
27	Amuzegar cabinet resigns.			
	Sharif-Emami appointed Prime Minister.		NID. Changing PMs just before Hua Kuo feng' visit indicates how seriously the Shah views the situation.	<i>Wash Post</i> , appointment "unlikely to stem the rising tide of violent protest." PM likely to be replaced next year.
28	New government announces calendar change, casino closings, attack on corruption.	Embtel 8191.		
28		Embtel 8187. Ambassador Sullivan audience with "thin, tense, dispirited" Shah.		
30			NID. New PM program won't do much for economy, he is working on religious grievances.	
31	Ayatollah Shirazi (Mashhad) issues sweeping list of religious demands.	Embtel 8351 Embtel 8485		
	Shariat-Madari calls for return to constitution	Embtel 8299 Embtel 8485		
	Demonstrations in Tehran and other cities.	Embtel 8353.	NID. Item 1 September reports riots 31 August in Mashhad.	

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Annex C (Continued)

Date	Event or Development	Field or Other Reporting	NFAC Coverage	Other Observation
September				
4	Mostly peaceful demonstrations across country, 100,000 in Tehran, calling for return of Khomeini.			Wash Post, 5 September.
7	Demonstrations in defiance of government order. 50 - 100,000 strong, but peaceful and well organized.	Embtel 8555 (8 September) says demonstrations held in commemoration of people killed in clash previous week in Tehran (incident apparently not reported).	repeats NID of 30 August but with fuller political discussion.	
8	Martial law declared 6 a.m. in Tehran and 11 other cities. Army shoots demonstrators in Jaleh Square, Tehran. Others killed elsewhere.	Embtel 8563.	NID on growing but still manageable morale problems in army.	
9			NID. Radical forces within Muslim fundamentalist opposition are forcing the pace of events, apparently on Khomeini's orders. (Item lists 58 dead; prepared from first embassy reporting).	
10	Demonstration in Tehran. Sharif-Emami presents program to Majles; promise liberalization and anti-corruption drive.	Embtel 8616.		Christian Science Monitor says Shah "is fighting to hold his throne and his power to develop Iran according to his own ideas."
11		Embtel 8659 comments on PM's program "critical question" is whether GOI can implement reforms fast enough to convince "fence-sitters and opportunist that GOI sincere."	NID. Iranian cities are relatively calm.	

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Annex C (Continued)

Date	Event or Development	Field or Other Reporting	NFAC Coverage	Other Observation
September (Continued)				
12			NID. Tehran calm; trouble in other cities.	
12	Roundup of political and religious opposition leaders.			<i>Wash Post</i> (13 September) some oppositionists say 4,000 killed 8 September.
14			NID. Prospects for the Shah.	
15				<i>New Statesman</i> . Massacre in Jaleh Square has lost for the Shah "any chance of compromise with the opposition."
16			NID. Sense of crisis has abated, Shah trying to regain initiative; clergy, backed by dissident leftist politicians and bazaar, can still stage large-scale demonstrations.	
18	Earthquake in Khorasan Province kills c. 10,000.		NID. Country relatively quiet, no demonstrations. One terror attack.	
20			<input type="text"/> "Civil Unrest in Iran" reflects material in NID 14 and 16 September.	
21		Embtel 9157. A wrap-up of the Shah's problems; doesn't minimize, but doesn't forecast. Not dissimilar to 14 September. NID.	NID. Anti-US incidents, not serious. EIWR <input type="text"/> Food imports growing, gloomy prognosis.	
22				<i>To the Point</i> , an anti-Shah publication, gives 1,700 dead anti-government demonstrators.
26			NID. Army's morale problems.	
28			<input type="text"/> Article on cautious Soviet line toward Iranian situation.	

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Annex C (Continued)

Date	Event or Development	Field or Other Reporting	NFAC Coverage	Other Observation
September (Continued)				
29			NID. Wildcat strikes (not previously mentioned in finished intelligence) have reached oil industry; most workers striking.	
			NID. Important religious leaders are anxious for accommodation with the government. Two sides far apart, though.	

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Annex C (Continued)

Date	Event or Development	Field or Other Reporting	NFAC Coverage	Other Observation
October				
1	Demonstrations in several western Iranian towns; troops fire.	Embtel 9526.		Wash Post 3 October.
3			NID. Soviets cautious on Iran.	
3-4	Demonstrators shot in Kermanshah.			Wash Post 5 October.
5		Embtel 9689. Hoveyda tells Sullivan nobody prepared to argue or discuss political reality with Shah.		
6			NID. Concern that opening fall university term might focus discontent. Serious unrest foreseen on campuses.	
8	Khomeini arrives in Paris. Troops disperse strikers in Tehran.			Wash Post, 8 October.
	Demonstrations in several towns; strikes multiply.		NID. Government has granted virtually all strikers' demands in public sector strikes.	Wash Post, 9 October.
12	Strikes continue to proliferate.	Embtel 9950. Station cable—very gloomy.		
14			NID reports shift in economic priorities.	
16	General strike called for in memorandum 8 September dead.	Embtel 10024. Embtel 10061. Failure to reach agreement with religious would bring down government.		Wash Post.
17	Mourning quiet in Tehran. Deaths in provinces.	Embtel 10132.	20 October "Sources of Opposition."	Wash Post.

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Annex C (Continued)

Date	Event or Development	Field or Other Reporting	NFAC Coverage	Other Observation
October (Continued)				
21			NID reports food import issue, from EIWR of 18 September.	
22	Bazargan and Minatchi offer to see Khomeini.	Embtel 10281.		
23	Demonstrations in Hamadan and other towns.	Embtel 10282, disturbances widespread; dispersed with few if any deaths. Embtel 10338, demonstrations in Hamadan.	NID. Shah and domestic political situation. Lays out the problems, talks of accommodation between Shah and moderate clergy. On whole reflects Embassy reporting.	
24		Embtel 10378, elements of government agreement with religious opposition.		
25	Khomeini rejects cooperation with others until Shah leaves. Many demonstrations in provinces.	Embtel 10440, several dead.		
26			NID on apparent settlement with religious moderates.	
29	Demonstrations, many killed.	Embtel 10501.	NID. Oil production off 1 m b/d.	Wash Post.
30	Demonstrations, many killed.	Embtel 10559.	NID. Oil production off 1.4 m b/d.	
31	Demonstrations, many killed.		NID. Oil exports down to 1 m b/d. NID. Shariat-Madari refuses to cooperate, perhaps because of Khomeini's stand. Agreement aborts.	

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Annex C (Continued)

Date	Event or Development	Field or Other Reporting	NFAC Coverage	Other Observation
November				
1			NID. Impact of oil exports in Iran will drive up oil prices. NID. Shah believes settlement with opposition can be reached by forming coalition before 2 December to include opposition figures. Outcome depends on moderate opposition leaders' talks with Khomeini in Paris.	
3			NID. Shah has asked Nasrollah Entezam to form a coalition government to include opposition figures and has asked moderate leaders of National Front to meet with him to discuss entering a coalition. NID. Some striking oil workers return to work. Oil production rose to 1.8 m b/d.	
6	Military Government to be formed.		Shah to form military government with General Qolam Reza Azhari as head and Prime Minister.	

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